

NEWS FLASH
JULY 6, 2004

employee plans news

PROTECTING RETIREMENT BENEFITS THROUGH EDUCATING CUSTOMERS

Internal Revenue Service
Tax Exempt and Government
Entities Division

A Publication of Employee Plans

IRS And Treasury Delay Effective Date of Section 1.417(a)(3)-1 Relative Value Regulations

In [Announcement 2004-58](#), the IRS and Treasury provide for a delay in the effective date until February 1, 2006, of recently issued final regulations under section 1.417(a)(3)-1. These regulations provide guidance on required explanations to plan participants regarding the relative value and financial effect of optional forms of benefit offered by pension plans.

The delay does not apply to the extent a plan offers a single sum payment that is less valuable than the qualified joint and survivor annuity (QJSA) offered by the plan. With respect to less valuable single sum payments and similar optional forms, the original effective date of October 1, 2004, remains in effect. This means that because plans are required to provide QJSA explanations, including the information specified under these regulations, 90 days before a participant's annuity starting date, the requirements of the regulations could apply with respect to some participants in early July, 2004.

With respect to those optional forms of benefit subject to the delayed effective date, however, the announcement provides plan sponsors with additional time to evaluate all of their optional forms in coordination with rules under section 411(d)(6). Those rules, described in section 1.411(d)-3 of the proposed regulations and expected to be finalized before February 1, 2006, would permit the elimination of some optional forms that are burdensome and complex and of de minimis value to participants

The announcement also clarifies certain issues that have been raised about the required disclosure under section 1.417(a)(3)-1.

Please share this News Flash with your colleagues. To subscribe to our newsletter, please go to www.irs.gov/ep. All editions of the *Employee Plans News* are archived at www.irs.gov/ep.