

EXTRA SPECIAL EDITION
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employee plans news

PROTECTING RETIREMENT BENEFITS THROUGH EDUCATING CUSTOMERS

Internal Revenue Service
Tax Exempt and Government
Entities Division

A Publication of Employee Plans

Extended Deadline for Retroactive Annuity Starting Date Amendment

The retroactive annuity starting date ([RASD](#)) [final regulations](#) under section 1.417(e)-1 are effective for plan years beginning after 2003. The IRS is receiving many questions on when plan amendments must be adopted to reflect the final regulations.

It is the intention of the IRS to extend the deadline by which an amendment for RASD final regulations must be adopted to the end of a plan's Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) remedial amendment period. The IRS expects to publish a Cumulative List of Changes in Plan Qualification Requirements (Cumulative List) in the near future. Pursuant to the remedial amendment period regulation, the IRS intends to use the Cumulative List to formally extend the RASD adoption deadline to the end of a plan's EGTRRA remedial amendment period. This extension would apply to plans with existing RASD provisions that do not conform to the final regulations and wish to retain the RASD provisions.

Thus, plans must be in operational compliance starting with the effective date of the final regulations. For removal of existing RASD provisions, the final regulations under section 411(d)(6) are expected to provide guidance once they are issued. At this time, the IRS does not intend to issue model amendments for RASD provisions. Note that if a plan does not have any RASD provisions, it may not be necessary to amend the plan to comply with the final RASD regulations. •

Model Amendment for Automatic Rollover Safe Harbors

Automatic rollover provisions under section 401(a)(31) were amended by section 657(a) of EGTRRA and section 411(t) of the Job Creation and Worker Assistance Act of 2002. On September 28, 2004, the Department of Labor published final regulations ([69 Fed. Reg. 58018](#)) effecting the changes EGTRRA made to automatic rollovers of certain mandatory distributions (that is, cash-outs). These regulations are effective for rollovers of mandatory distributions made on or after March 28, 2005.

In the next few months, the IRS expects to publish guidance under section 401(a)(31)(B) including a model amendment that may be used to apply the automatic rollover provision. This model amendment would apply to both pre-approved plans and individually designed plans. The guidance is also expected to address other questions that have arisen concerning the automatic rollover provisions. •

They're Here: The 2005 Dollar Limitations!

They're here – they're really, really here: next year's list of retirement plan dollar limits. Once again, EP has gathered all the dollar limit numbers you need to know but didn't know where to find and put them on the [Retirement Plans web page](#). You'll find dollar limits starting in 1989 and continuing all the way through 2005. Or, if you just want to see the 2005 numbers, click on [2005 COLA News Release](#).

We've got all the limits that you've grown to know and love. Besides such favorites as the defined benefit and defined contribution dollar limits (\$170,000 and \$42,000, respectively, for 2005) and the section 401(a)(17) compensation limit (\$210,000 in 2005), some less known figures are given as well. For example, the chart has the compensation amount under section 408(k)(2)(C) for SEPs (\$450 in 2005 and unchanged from 2004) and amounts for determining who is a "Control Employee" – for purposes of valuing fringe benefits – as defined by section 1.61-21(f)(5) of the regulations. We've got those figures and many more.

So, if you want to see if your 2005 COLA is diet, decaffeinated or regular, click on [COLA Table](#) or go to the [Retirement Plans web page](#), click on Published Guidance and go to "Cost-of-Living-Increases". •