
From: Reisacher, Carl R. [CReisacher@ReedSmith.com]
Sent: Tuesday, March 30, 2004 8:03 AM
To: e-ori@dol.gov
Subject: Proposed Regulations on Mandatory rollover of Automatic Cashouts

This e-mail is a comment with respect to proposed DOL regulation 2550.404a-2, regarding the automatic direct rollover of cashout amounts of \$1,001 to \$5,000. The comment below is solely the opinion of the author, and not of the author's firm:

The proposed regulations indicate that final regulations will be issued in June 2004, and that the final regulations will be effective 6 months after the issuance date of those final regulations. This 6-month period was supposed to be sufficient to give plan sponsors the opportunity to set up IRAs and amend plans. I believe that the proposed effective date is unrealistic and burdensome, because virtually all plans have automatic cashout provisions, and most plans are calendar year plans. If the new regulations are effective in December of this year, all calendar plans (including prototypes) will need to be amended during the last 6 months of this year, at the same time that the plans are trying to set up the actual IRA arrangements themselves. It would be much better if the final regulations were to be effective for automatic cashouts made on or after January 1, 2005, as this would mean that calendar year plans would not need to be amended until next year, while only delaying the operation of the regulations by a few weeks at most. Also, and particularly if you insist on making the regulations effective this year, it would be desirable for either the DOL or IRS (or jointly) to provide model plan amendment language at the time that the final regulations are issued. Finally, in light of the fact that the IRS is supposedly going to issue some guidance as well, I presume that it will be providing new model 402(f) notices immediately upon issuance of the final DOL regulations.

> Carl R. Reisacher, Esquire
> creisacher@reedsmith.com
> Reed Smith LLP
> 435 Sixth Avenue
> Pittsburgh, PA 15219-1886
> Phone: 412-288-3188
> Fax: 412-288-3063
>
>