

Announcement 99-50

The Service is revising and improving the master and prototype (M&P) and regional prototype plan programs. Revised procedures are expected to be published soon. In the interim, the Service will temporarily discontinue accepting applications for approval of M&P and regional prototype plans, effective May 10, 1999.

At the present time, the Service's review of applications for approval of M&P and regional prototype plans generally takes into account recent changes in law, but does not consider the provisions of the Small Business Job Protection Act of 1996, Pub. L. 104-88 (SBJPA), that are effective in 1999 and later (that is, the nondiscrimination safe harbors under § 401(k)(12) and § 401(m)(11) of the Internal Revenue Code and the repeal of the combined plan limitation under § 415(e)). See Rev. Proc. 98-14, 1998-4 I.R.B. 22, as modified by Rev. Proc. 98-53, 1998-40 I.R.B. 9. The Service is currently developing procedures that will allow sponsors to request approval letters for these plans which will take into account all recent changes in law, including the provisions of SBJPA that are effective in 1999 and later. Because the Service has consolidated its determination letter program, it is no longer necessary or practical to maintain two separate programs for the approval of prototype plans. Therefore, it is expected that the new procedures will combine the M&P and regional prototype plan programs into a single program that will be administered by the Service's headquarters office. This single program will provide a uniform set of procedures that will apply to all prototype plans, regardless of whether the plans are sponsored by organizations that currently may sponsor M&P plans or by individuals or organizations that currently may sponsor regional prototype plans.

The Service expects to publish these new procedures soon. In anticipation of this, effective May 10, 1999, it will not accept applications for approval of M&P and regional prototype plans until further

notice. The Service will continue to process all M&P and regional prototype plan applications submitted before May 10, 1999 in accordance with Rev. Proc. 98-14, as modified by Rev. Proc. 98-53. Any opinion or notification letter issued in response to a pre-May 10, 1999 application will not take into account the provisions of SBJPA that are effective in 1999 and later, even if the letter is issued after the date that the Service starts accepting applications under the new procedures. Alternatively, sponsors may withdraw any pending application relating to an M&P or regional prototype plan. In this case, the user fee will not be refunded. However, if a new application pertaining to the same plan is filed under the new procedures on or before December 31, 1999, the user fee for the new application will be waived. The sponsor should indicate on the face of the application form that the user fee is being waived pursuant to Announcement 99-50.
