

Second White Paper on Future of Employee Plans Determination Letter Program Announcement 2003-32

The Service has published on the Internet a second white paper on the Employee Plans determination letter program.

The Service has maintained an Employee Plans determination letter program for many years, essentially in its present form. Under this program, the Employee Plans (EP) component of Tax Exempt and Government Entities (TE/GE) issues letters of determination regarding the qualified status of retirement plans under § 401(a) of the Internal Revenue Code and the status of related trusts under § 501(a). Determination letters provide assurance to plan sponsors, participants and other interested par-

ties that the terms of employer-sponsored retirement plans satisfy the qualification requirements of the Code. Qualified plans offer significant tax advantages to employers and participants.

EP has undertaken a project to consider the long-term future of the determination letter program. The question the Service is considering, and which it has asked the public to consider, is whether there might be better alternatives to the present determination letter program.

As a preliminary step, in August 2001, EP published on the Internet a white paper outlining several options it had identified as possible alternatives to the present program. The second white paper, which has just been released, evaluates the public comments on these options. While recognizing the importance of the Service continuing to issue determination letters for qualified plans, the second white paper explores further how this process might be improved. One of the options outlined in the first white paper was a system of staggered remedial amendment periods. Such a system would introduce regular determination letter cycles for plan sponsors and would even-out determination letter workload from year to year for EP and practitioners. The second white paper explains in greater detail how such a system could work. The second white paper also discusses the possibility of requiring plans to

be updated annually. An annual plan update requirement could be established either without making other changes to the current determination letter program or in combination with a system of staggered remedial amendment periods. In the latter case, as described in the second white paper, plan sponsors would not need to request determination letters more frequently than every five years to have reliance even though plan amendments could be required every year.

The second white paper is entitled *The Future of the Employee Plans Determination Letter Program: Evaluation of Public Comments and Additional Explanation of Staggered Remedial Amendment Period Option*. It may be downloaded from the Internet at: <http://www.irs.gov/ep>.

The Service invites interested parties to comment on the ideas in the second white paper. In particular, commentators are asked to address several questions that are listed at the end of the white paper. Written comments should reference Announcement 2003-32 and should be submitted, preferably in duplicate, to the following address:

CC:PA:RU (Announcement 2003-32),
room 5226
Internal Revenue Service
POB 7604
Ben Franklin Station
Washington, DC 20044

Alternatively, comments may be hand delivered between the hours of 8:30 a.m. and 4:00 p.m. to:

CC:PA:RU (Announcement 2003-32)
Courier's Desk
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC

Written comments should be submitted by September 2, 2003. All written comments will be open to public inspection.

DRAFTING INFORMATION

The principal author of this announcement is James Flannery of Employee Plans, Tax Exempt and Government Entities Division. For further information regarding this announcement, please contact the Employee Plans' taxpayer assistance telephone service at: 1-877-829-5500 (a toll-free number) between the hours of 8:00 a.m. and 6:30 p.m. Eastern Time, Monday through Friday. Mr. Flannery may be reached at 1-202-283-9888 (not a toll-free number).