

Invitation to Participate in Dialogue on Long-Term Future of Employee Plans Determination Letter Program

Announcement 2001-83

The IRS invites the public to participate in a dialogue on the long-term future of the Employee Plans determination letter program.

Qualified plans offer significant tax advantages to employers and participants. Determination letters provide assurance to plan sponsors, participants, and other interested parties that the terms of employer-sponsored retirement plans satisfy the qualification requirements of the Code. The IRS has maintained an Employee Plans determination letter program for many years, essentially in its present form. Under this program, the Employee Plans (EP) segment of Tax Exempt and Government Entities (TE/GE) issues letters of determination regarding the qualified status of retirement plans under section 401(a) of the Internal Revenue Code and the status of related trusts under section 501(a).

A determination letter, however, only provides reliance that the plan is qualified under the rules in place at the time the letter was issued. The law and rules regarding qualified plans have changed frequently over the last twenty-seven years. This requires plan amendments that result in repeated applications for determination letters for the same plan. Currently, EP is reviewing applications for plans that have been amended to reflect changes in the law from 1994

through 2000. These are referred to as the GUST¹ amendments.

Following the recent reorganization of the IRS, EP has undertaken a project to consider the long-term future of the EP determination letter program after GUST. The question EP asks the public to consider with it is whether there might be better alternatives to the present determination letter program.

EP recently put into effect several improvements to the determination letter program (Announcement 2001-77, 2001-30 I.R.B. 83). The focus of the project that EP is now undertaking is long-term—perhaps five or more years into the future. While these long-term changes will not impact the GUST amendment process, they may have a significant impact on applications for determinations letters for changes in the law subsequent to GUST, such as those contained in the Economic Growth and Tax Relief Reconciliation Act of 2001, Pub. L. 107-16.

The scope of this project may be of interest to all parties who are involved in or affected by the determination letter program. The Service hopes to pursue this project in partnership with all stakeholders in the determination letter process who wish to participate, including plan sponsors and participants and employee benefits professionals. As a preliminary step, EP has prepared a white paper describing the project and outlining several options identified as possible alternatives to the present determination letter program. Legislative changes may be required to implement some of these options. The white paper is entitled *The Future of the Employee Plans Determination Letter Program: Some Possible Options* and it may be downloaded from the Internet at the following site: <http://www.irs.gov/ep>. EP asks the read-

ers of the white paper to consider it as an invitation to a dialogue on the subject. The dialogue is not intended to be limited to ideas in the paper.

EP personnel plan to discuss the ideas raised in the paper and listen to others' ideas and views in professional conferences and meetings in which government representatives participate and all other available forums. In addition, EP solicits comments on whether EP should also hold a series of nationwide town meetings to permit furtherance of this dialogue. Finally, EP invites interested parties to submit written comments, preferably two copies referencing Announcement 2001-83, to the following address:

CC:M&SP:RU (Announcement 2001-83), room 5626
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 5 p.m. to:

CC:M&SP:RU (Announcement 2001-83)
Courier's Desk
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC

While not the subject of the white paper, commentators need not limit their comments to the long-term future of the determination letter program and are encouraged to submit any recommendations they have for short-term improvements. Written comments should be submitted by March 31, 2002. All written comments will be open to public inspection.

DRAFTING INFORMATION

The principal author of this announcement is James Flannery of Tax Exempt and Government Entities. For further information regarding this announcement, please contact the Employee Plans' taxpayer assistance telephone service at (202) 283-9516 or (202) 283-9517 between the hours of 1:30 and 3:30 p.m. Eastern Time, Monday through Thursday. Mr. Flannery may be reached at (202) 283-9613. These telephone numbers are not toll-free.

¹ The term "GUST" refers to the following:

- the Uruguay Round Agreements Act, Pub. L. 103-465;
- the Uniformed Services Employment and Reemployment Rights Act of 1994, Pub. L. 103-353;
- the Small Business Job Protection Act of 1996, Pub. L. 104-188;
- the Taxpayer Relief Act of 1997, Pub. L. 105-34;
- the Internal Revenue Service Restructuring and Reform Act of 1998, Pub. L. 105-206; and
- the Community Renewal Tax Relief Act of 2000, Pub. L. 106-554.