

# IRS



## News Release

---

Media Relations Office

Washington, D.C.

Tel. 202.622.4000

For Release: 4/16/02

Release No: IR-2002-50

---

### IRS FURTHER SIMPLIFIES DISTRIBUTION RULES FOR RETIREMENT PLANS

WASHINGTON – The Internal Revenue Service announced today that simplified rules for required retirement plan distributions, incorporating many suggestions made after the IRS proposed these rules in January 2001, will take effect next year.

“These rules won praise last year for making it easier for retirees to take funds from their retirement plans,” said IRS Commissioner Charles O. Rossotti. “The comments we received helped us to simplify the rules even more. This shows how people can benefit when stakeholders work with us to improve tax administration.”

A section of the regulations dealing with annuity payments has been substantially changed and has been issued as a temporary regulation, giving taxpayers a chance to offer additional feedback.

The final regulations also include the new life expectancy tables called for in the Economic Growth and Tax Relief Reconciliation Act of 2001. Taking current longevity into account, these tables provide for distributions to occur over a longer period than previous tables.

The latest guidance generally keeps last year’s simplifications to the minimum distribution rules and adds some new elements, including:

- Advancing the deadline for determining a designated beneficiary from Dec. 31 to Sept. 30 of the year after a plan participant’s year of death, making it easier to determine the initial distribution that must be made by the end of that year.
- Clarifying rules related to separate accounts with different beneficiaries.
- Simplifying the calculation of required minimum distributions (RMDs) by eliminating certain variables.
- Requiring IRA trustees to report the RMD amount to IRA owners, or to calculate it for the owners on request, but not report the RMD amount to the IRS. The first report will be due January 31, 2003, alerting IRA owners to the distribution they must take for 2003. Starting in 2004, trustees will identify to the IRS each IRA for which a lifetime minimum distribution is required for the year. At this time, the IRS will not require these reports for beneficiaries’ IRAs.

(more)

For 2002, taxpayers have the option of using the new rules, the 2001 proposal, or the original 1987 proposed regulations.

The final and temporary regulations on required distributions from retirement plans will be published in the Federal Register on April 17. The temporary regulations related to annuity payments will also be available on the IRS Web site at *ww.irs.gov*, and taxpayers may submit comments on these regulations through that site.

Notice 2002-27 contains the RMD reporting requirements for IRAs. It will be available soon on the IRS Web site and will be published in Internal Revenue Bulletin 2002-18, dated May 6, 2002.

X X X