

Age 55 Commencement

Optional Form	Amount of distribution per \$1,000 of immediate single life annuity	Relative Value
Life Annuity	\$1,000 per month	approximately the same value as the QJSA
QJSA (joint and 75% survivor annuity)	\$956 per month	n/a
Joint and 100% survivor annuity	\$886 per month	approximately the same value as the QJSA
Lump sum	\$165,959	approximately the same value as the QJSA

Age 60 Commencement

Optional Form	Amount of distribution per \$1,000 of immediate single life annuity	Relative Value
Life Annuity	\$1,000 per month	approximately 94% of the value of the QJSA
QJSA (joint and 75% survivor annuity)	\$945 per month	n/a
Joint and 100% survivor annuity	\$859 per month	approximately 94% of the value of the QJSA
Lump sum	\$151,691	approximately the same value as the QJSA

Age 65 Commencement

Optional Form	Amount of distribution per \$1,000 of immediate single life annuity	Relative Value
Life Annuity	\$1,000 per month	approximately 93% of the value of the QJSA
QJSA (joint and 75% survivor annuity)	\$932 per month	n/a
Joint and 100% survivor annuity	\$828 per month	approximately 93% of the value of the QJSA
Lump sum	\$135,759	approximately 93% of the value of the QJSA

(iii) The chart disclosing the financial effect and relative value of the optional forms specifies that the calculations were prepared assuming that the spouse is three years younger than the participant, that the calculations relating to the single-sum distribution were prepared using 5.5% interest and average life expectancy, that the other calculations were prepared using a 6% interest rate, and that the relative value of actual payments for an individual can vary depending on how long the individual and spouse live. The explanation states that the relative value comparison converts the QJSA, the single life annuity, the joint and 100% survivor annuity, and the single-sum options to an equivalent present value and that this conversion uses interest and life expectancy assumptions. The explanation notes that the calculation of the QJSA depends on the actual age of the spouse (for example, annuity payments will be significantly lower if the spouse is significantly younger than the participant), and that the amount of the single-sum payment will depend on the interest rates that apply when the participant actually takes a distribution. The explanation also includes an offer to provide a calculation specific to the participant upon request.

(iv) Participant M requests information regarding the amounts payable under the QJSA, the joint and 100% survivor annuity, and the single sum.

(v) Based on the information about the age of Participant M's spouse, Plan A determines that M's QJSA is \$2,856.30 per month, the joint and 100% survivor annuity is \$2,628.60 per month, and the single sum is \$497,876. The actuarial present value of the QJSA (determined using the 5.5% interest and the section 417(e)(3) applicable mortality table, the actuarial assumptions required under section 417) is \$525,091. Accordingly, the value of the single-sum distribution available to M at January 1, 2004, is 94.8% of the actuarial present value of the QJSA. In addition, the actuarial present value of the life annuity and the 100% joint and survivor annuity are 95.0% of the actuarial present value of the QJSA.

(vi) Plan A provides M with a QJSA explanation that incorporates these more precise calculations of the financial effect and relative value of the optional forms for which M requested information.

(f) *Effective date.* This section applies to QJSA explanations provided with respect to distributions with annuity starting dates on or after January 1, 2004, and to QPSA explanations provided on or after January 1, 2004.

§ 1.417(e)-1 [Amended]

Par. 5. In § 1.417(e)-1, paragraph (b)(2) is amended by removing the language “§ 1.401(a)-20 Q&A-36” and adding “§ 1.417(a)(3)-1” in its place.

Robert E. Wenzel,
Deputy Commissioner of
Internal Revenue.

(Filed by the Office of the Federal Register on October 4, 2002, 8:45 a.m., and published in the issue of the Federal Register for October 7, 2002, 67 F.R. 62417)

Dual Consolidated Loss Recapture Events; Correction

Announcement 2002-100

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking and notice of public hearing.

SUMMARY: This document contains corrections to proposed regulations (REG-106879-00, 2002-34 I.R.B. 402) as published in the Internal Revenue Bulletin. These regulations under section 1503(d) relate to the events that require the recapture of dual consolidated losses.

DATES: These corrections are effective August 26, 2002.

FOR FURTHER INFORMATION CONTACT: Kenneth D. Allison or Kathryn T. Holman at (202) 622-3860 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The notice of proposed rulemaking that is the subject of these corrections is under section 1503(d).

Need for Correction

As published in the Internal Revenue Bulletin, this notice of proposed rulemaking contains errors which may prove to be misleading and are in need of clarification.

Correction of Publication

Accordingly, the notice of proposed rulemaking (REG-106879-00) as published in the Internal Revenue Bulletin is corrected as follows:

1. On page 404 of the Internal Revenue Bulletin (I.R.B.), column 1, under “Proposed Effective Date”, the language “These regulations amending the dual consolidated loss rules under § 1.1503-2 are proposed to apply to transactions otherwise constituting triggering events occurring on or after August 1, 2002.” is corrected to read “These regulations amending the dual consolidated loss rules under § 1.1503-2 are proposed to apply to transactions otherwise constituting triggering events occurring on or after [DATE THE FINAL REGULATIONS ARE PUBLISHED IN THE FEDERAL REGISTER].”

2. On page 405 of the I.R.B., column 2, the language “Paragraphs (g)(2)(iv)(A)(4) and (5) of this section, and paragraphs (g)(2)(iv)(B)(i)(ii) and (iii) of this section, shall apply with respect to transactions otherwise constituting triggering events occurring on or after August 1, 2002.” is corrected to read “Paragraphs (g)(2)(iv)(A)(4) and (5) of this section, and paragraphs (g)(2)(iv)(B)(i)(ii) and (iii) of this section, shall apply with respect to transactions otherwise constituting triggering events occurring on or after [DATE THE FINAL REGULATIONS ARE PUBLISHED IN THE FEDERAL REGISTER].”

The corrections made herein will be reflected in the notice of proposed rulemaking published in the Cumulative Bulletin.

Request for Applications to Participate in the 2003 IRS Individual e-file Partnership Program

Announcement 2002-101

The Stakeholder Partnerships, Education and Communication (SPEC) function within the Internal Revenue Service (IRS) is continuing its efforts to establish IRS *e-file* partnerships with various entities. The IRS is seeking non-monetary *e-file* partnerships for **Filing Season 2003**. No applications for funding (monetary compensation) will be considered. Applications may be submitted by a commercial business, non-profit organization, state government or local government. Applications are not solicited from other Federal government agencies. The program is an annual program and covers the period January 2003 through October 15, 2003. **All prior year partners must reapply for Filing Season 2003.**

BACKGROUND

The IRS Restructuring and Reform Act of 1998 (RRA 98) requires the IRS to receive 80 percent of all returns electronically by 2007. RRA 98 authorized the IRS Commissioner to promote the benefits of and encourage the use of *e-file* services. As a result of RRA 98, the IRS enters into non-monetary partnerships with businesses to offer low cost income tax preparation and electronic filing for qualified taxpayers.

Continued opportunities for growth in electronic tax administration are evident. For Filing Season 2002, the IRS received over 46 million electronically filed returns, an increase of 16% over the previous year. Visit the IRS web site, www.irs.gov, “IRS e-file for Tax Professionals, Software Developers, and Transmitters” for the most current results from market research on individual taxpayers: demographic data and psychographic studies. This includes attitudinal surveys, customer satisfaction surveys, Public Service Announcements (PSAs)/Paid Advertising Tracking Studies and any focus group results.

The IRS currently accepts 115 forms and schedules for electronic filing. Visit the IRS

web site (www.irs.gov) for a complete listing of accepted forms and schedules.

FILING SEASON 2003

For Filing Season 2003, the IRS will focus on the 1040 series income tax returns covering “IRS e-file Using a Tax Preparer” and “IRS e-file Using a Personal Computer.” Additional emphasis is being placed on the following features: “Self-Select Personal Identification Number (PIN) for *e-file*”; “Using e-file for Federal/State Returns”; and “Electronic Payment Options” for balance due and estimated payment options.

Emphasis should also be placed on the first-time filer population. IRS research indicates that this segment of the population continues to lag behind other segments of the population that *e-file*. In addition, research indicates that *e-file* is still lagging in the self-prepared simple segment. Another area of emphasis is to reach those taxpayers who continue to file computer prepared paper returns (v-code). Research indicates that the number of v-code returns continues to increase (76% of all v-code returns are prepared by paid preparers). Emphasis should be placed on encouraging v-code filers to electronically file their returns through the marketing and promotion of the benefits of *e-file*.

The IRS expects all accepted partners to aggressively market, promote and offer *e-file* services through October 15, 2003. The IRS will supply the partners with the Filing Season and post April 15 *e-file* campaign message(s), if available, to target additional qualified taxpayers, *i.e.*, extensions, military returns, etc. Pending the passage of legislation, Participants are encouraged to offer the April 30 due date extension for *e-file*.

For additional information on the various *e-file* programs, features, and market research, visit our web site at www.irs.gov. For a listing of our current partners and the services they offer, refer to the IRS *e-file* Partners Page at www.irs.gov.

Participants will receive hyperlinks from the IRS web site to the Participant’s web site. Potential Participants may request links for the following categories: **IRS e-file Partners for Taxpayers, IRS e-file Partners for Tax Professionals, IRS e-file Partners for Financial Institutions/Employers, and IRS e-file Partners for Credit Card Payment Options.**