

SUPPORTING STATEMENT
Internal Revenue Service (IRS)
OMB Control Number 1545-1573
Regulation about Required Distributions from Retirement Plans

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Sections 1.401(a)(9)-3(b)(4)(iii) and (c)(5)(iii) allow a plan to permit an eligible designated beneficiary in that plan to elect between the 5-year rule (or 10-year rule, if applicable) and life expectancy rule in the case of an employee who dies before the employee's required beginning date. This election only arises in the context of a plan (and not an individual retirement plan ("IRA")) because the plan administrator will need that information to satisfy the required minimum distribution ("RMD") requirements with respect to the beneficiary. An IRA custodian has no obligation to force out an RMD so there is no need for a beneficiary of an IRA to file any type of election with the custodian. There is not a requirement that an employee make such an election. The plan will provide for a default in the absence of an election.

Section 1.401(a)(9)-4(e)(7) requires a beneficiary to provide documentation to a plan administrator showing that the beneficiary was disabled or chronically ill as of the date of the employee's death. The beneficiary only needs to have a licensed health care practitioner provide that the beneficiary was disabled or chronically ill in a letter to the plan administrator.

Section 1.401(a)(9)-4(h) permits a taxpayer who wants to name a trust as a beneficiary to treat the underlying beneficiaries of the trust as designated beneficiaries of the taxpayer's benefit under a retirement plan if the taxpayer either: (1) provides a copy of the trust instrument to the plan administrator or (2) provides a list of all the beneficiaries of the trust, certifies that, to the best of the taxpayer's knowledge, this list is correct and complete, and agrees to provide a copy of the trust instrument upon demand. If the trust instrument is amended at any time in the future, the taxpayer must, within a reasonable time, provide a copy of each such amendment, or provide corrected certifications to the extent that the amendment changes the information previously certified. This requirement must generally be satisfied no later than October 31 of the calendar year following the calendar year of the employee's death.

These collections of information are covered under Internal Revenue Code Sections 401(a)(9) and 7805.

2. USE OF DATA

The data will be used by employers that maintain qualified plans, plan administrators of qualified plans, and IRA trustees, custodians, or issuers to determine the method of payments to a beneficiary, to determine whether a beneficiary is an eligible designated

beneficiary entitled to distributions over that beneficiary's life expectancy, and to record the names of the taxpayer's beneficiaries under the trust.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Electronic collection is not possible because these are third-party disclosures and recordkeeping requirements.

4. EFFORTS TO IDENTIFY DUPLICATION

The IRS is the only Agency with the authority to require this information; therefore, it is not duplicated elsewhere in the Federal government.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

There is no burden on small businesses or other small entities due to the inapplicability of the authorizing statute to these entities.

6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES

Consequences of less frequent collection would result in the IRS being unable to verify that a qualified plan has satisfied the RMD requirements for a plan year, thereby jeopardizing the ability of the IRS to meet its mission.

7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

There are no special circumstances requiring data collection to be inconsistent with Guidelines in 5 CFR 1320.5(d)(2).

8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

Proposed regulations (REG-105954-20) published February 24, 2022, at 87 FR 10504, requested public comments and recommendations on the information collections. Any comments received on the information collections will be addressed within the Final Rule submission.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

No payment or gift has been provided to any respondents.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax return information are confidential as required by 26 USC 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

There is no Personally Identifiable Information (PII) collected. Therefore, this collection is not impacted by the Privacy Act and does not require a Privacy Impact Assessment (PIA) or System of Records Notice (SORN).

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The collections of information required by this notice are in 1.401(a)(9)-3(b)(4)(iii) and (c)(5)(iii); 1.401(a)(9)-4(e)(7); and 1.401(a)(9)-4(h). This information will be used to ensure compliance with RMD requirements. The likely respondents are individuals who are either: (1) designated beneficiaries under a plan electing life expectancy payments under 1.401(a)(9)-3(b)(4)(iii) or (c)(5)(iii); (2) disabled eligible designated beneficiaries (in the case of a beneficiary who is required to provide documentation in accordance with 1.401(a)(9)-4(e)(7)); or (3) the trustee of a trust with underlying beneficiaries that are seeking to be treated as beneficiaries of the plan participant (and thus, need to satisfy 1.401(a)(9)-4(h)).

The estimated total annual reporting burden is 56,155 hours. The estimated annual burden per respondent is .17 hours. The estimated number of respondents is 330,322.

Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
1.401(a)(9)-3(b)(4)(iii) and 1.401(c)(5)(iii)	294,300	1	294,300	.17	50,031
1.401(a)(9)-4(e)(7)	6,592	1	6,952	.17	1,121
1.401(a)(9)-4(h)	29,430	1	29,430	.17	5,003
Totals	330,322		330,332		56,155

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

IRS does not anticipate any cost to respondents outside of what is incurred as part of usual and customary business practices.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

There is no cost to the Federal government as these are recordkeeping and third-party disclosures.

15. REASONS FOR CHANGE IN BURDEN

These regulations are modifying the existing RMD election requirements and adding additional documentation requirements for certain eligible designated beneficiaries.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

There are no plans for tabulation, statistical analysis, and publication.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

IRS believes that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the regulation sunsets as of the expiration date. Taxpayers are not likely to be aware that the IRS intends to request renewal of the OMB approval and obtain a new expiration date before the old one expires.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT ON OMB FORM 83-I

There are no exceptions to the certification statement.

Note: The following paragraph applies to all of the collections of information in this submission:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.