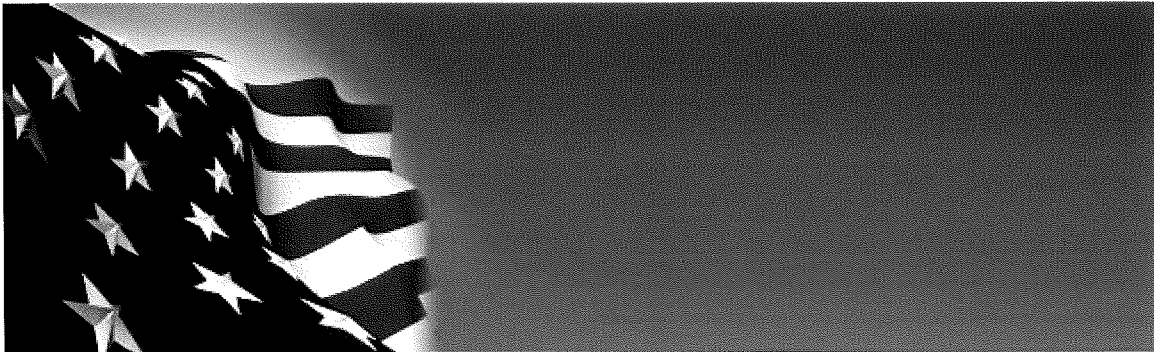


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CYPEN & CYPEN NEWSLETTER SPECIAL SUPPLEMENT for FEBRUARY 18, 2015

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Stephen H. Cypen, Esq., Editor

Never Forget September 11, 2001

and

Always Remember May 2, 2011

THE SAGA OF IRS SECTION 415 LIMITS CONTINUES

We previously did items on application of section 415 limits to governmental DROPs ([See C & C Newsletter Special Supplement for January 8, 2015](#); [C & C Newsletter Special Supplement for January 13, 2015](#); and [C & C Newsletter Special Supplement for January 30, 2015](#)).

We said that the change in IRS National Office's position reflected in its memorandum dated December 8, 2014 raised concerns from the IRS District Office in Cincinnati (which administers the governmental plan favorable determination letter program) as to how DC DROPs (which refer to DROP accounts that are adjusted for actual investment performance of the particular investment options) satisfy the so-called "definitely determinable benefit" requirement. The District indicated its intent to request an explanation from representatives of the approximately 75 pending governmental plan favorable determination letter requests containing DC DROPs as to why their arrangements satisfy this rule.

Unfortunately, IRS followed through. Here is a link to the redacted copy of a letter recently received by a Florida pension plan from the Cincinnati District Office, requesting an explanation as to how the subject DC DROP arrangement satisfies the **definitely determinable benefit requirement** [https://gallery.mailchimp.com/117e506e8ded098e9a549f37e/files/Saga of IRS Section 415 Limits.pdf](https://gallery.mailchimp.com/117e506e8ded098e9a549f37e/files/Saga_of_IRS_Section_415_Limits.pdf). Interested parties are examining potential responses to the request.

Thanks to Florida attorney Rick Burke for his substantial input in this matter. Meanwhile, we will report here any future developments.

* * * * *

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