

received by the individual during the taxable year.

(2) *Contributions after age 70½.* No deduction is allowable for contributions to an individual retirement plan to an individual for the taxable year of the individual if he has attained the age of 70½ before the close of such taxable year.

(3) *Rollover contributions.* No deduction is allowable under this section for any taxable year of an individual with respect to a rollover contribution described in section 402(a)(5), 402(a)(7), 403(a)(4), 403(b)(8), 405(d)(3), 408(d)(3), or 409(b)(3)(C).

(d) *Qualifying alimony.* For purposes of this section, the term "qualifying alimony" means amounts includible in the individual's gross income under section 71(a)(1) (relating to a decree of divorce or separate maintenance).

Par. 2. Section 1.408-2 is amended by revising paragraph (b)(1) to read as follows:

§ 1.408-2 Individual retirement accounts.

(b) * * *

(1) *Amount of acceptable contributions.* Except in the case of a contribution to a simplified employee pension described in section 408(k) and a rollover contribution described in section 408(d)(3), 402(a)(5), 402(a)(7), 403(a)(4), 403(b)(8), 405(d)(3), or 409(b)(3)(C), the trust instrument must provide that contributions may not be accepted by the trustee for the taxable year in excess of \$2,000 on behalf of any individual for whom the trust is maintained. An individual retirement account maintained as a simplified employee pension may provide for the receipt of up to the limits specified in section 408(j) for a calendar year.

Par. 3. Section 1.408-3 is amended by revising paragraph (b)(2) to read as follows:

§ 1.408-3 Individual retirement annuities.

(b) * * *

(2) *Annual premium.* Except in the case of a contribution to a simplified employee pension described in section 408(k), the annual premium on behalf of any individual for the annuity cannot exceed \$2,000. Any refund of premiums must be applied before the close of the calendar year following the year of the refund toward the payment of future premiums or the purchase of additional benefits. An individual retirement annuity maintained as a simplified employee pension may provide for an

annual premium of up to the limits specified in section 408(j).

Par. 4. There is added after proposed § 1.408-9, 46 FR 36209 (1981), the following new section 1.408-10:

§ 1.408-10 Investment in collectibles.

(a) *In general.* The acquisition by an individual retirement account or by an individually-directed account under a plan described in section 401(a) of any collectible shall be treated (for purposes of section 402 and 408) as a distribution from such account in an amount equal to the cost to such account of such collectible.

(b) *Collectible defined.* For purposes of this section, the term "collectible" means—

- (1) And work or art,
- (2) Any rug or antique,
- (3) Any metal or gem,
- (4) Any stamp or coin,
- (5) Any alcoholic beverage,
- (6) Any musical instrument,
- (7) Any historical objects (documents, clothes, etc.), or

(8) Any other tangible personal property which the Commissioner determines is a "collectible" for purposes of this section.

(c) *Individually-directed account.* For purposes of this section, the term "individually-directed account" means an account under a plan that provides for individual accounts and that has the effect of permitting a plan participant to invest or control the manner in which the account will be invested.

(d) *Acquisition.* For purposes of this section, the term acquisition includes purchase, exchange, contribution, or any method by which an individual retirement account or individually-directed account may directly or indirectly acquire a collectible.

(e) *Cost.* For purposes of this section, cost means fair market value.

(f) *Premature withdrawal penalty.* The ten percent penalty described in sections 72(m)(5) and 408(f)(1) shall apply in the case of a deemed distribution from an individual retirement account described in paragraph (a) of this section.

(g) *Amounts subsequently distributed.* When a collectible is actually distributed from an individual retirement account or an individually-directed account, any amounts included in gross income because of this section shall not be included in gross income at the time when the collectible is actually distributed.

(h) *Effective date.* This section applies to property acquired after December 31, 1981, in taxable years ending after such date.

Par 5. Section 1.409-1 is amended by revising paragraph (b)(2)(i) to read as follows:

§ 1.409-1 Retirement bonds.

(b) * * *

(2) *Exceptions.* (i) If a retirement bond is redeemed within 12 months after the issue date, the proceeds are excluded from gross income if no deduction is allowed under section 219 on account of the purchase of such bond. For definition of issue date, see 31 CFR 346.1(c). The rule in this subdivision (i) shall not apply to the extent that the bond was purchased with a rollover contribution described in section 402(a)(5), 402(a)(7), 403(a)(4), 403(b)(8), 405(d)(3), 408(d)(3) or 409(b)(3)(C).

§ 1.415-1 [Amended]

Par. 6. Section 1.415-1 is amended by removing paragraph (c) and paragraph (f)(3).

§ 1.415-2 [Amended]

Par. 7. Section 1.415-2 is amended by removing paragraph (b)(8).

Par. 8. Section 1.415-6 is amended by:

(1) Revising paragraph (b)(3) to read as set forth below, (2) removing paragraph (b)(7)(iv), and (3) adding a new paragraph (b)(8) to read as set forth below.

§ 1.415-6 Limitation for defined contribution plans.

(b) *Annual additions.* * * *

(3) *Employee contributions.* For purposes of subparagraph (1)(ii) of this paragraph, the term "annual additions" includes, to the extent employee contributions would otherwise be taken into account under this section as an annual addition, mandatory employee contributions (as defined in section 411(c)(2)(C) and the regulations thereunder) as well as voluntary employee contributions. The term "annual additions" does not include—

- (i) Rollover contributions (as defined in section 402(a)(5), 403(a)(4), 403(b)(8), 405(d)(3), 408(d)(3) and 409(b)(3)(C)),
- (ii) Repayments of loans made to a participant from the plan,
- (iii) Repayments of amounts described in section 411(a)(7)(B) (in accordance with section 411(a)(7)(C)) and section 411(a)(3)(D) (see § 1.411(a)(7)(d)(6)(iii)(B)),

(iv) The direct transfer of employee contributions from one qualified plan to another,