



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

201908026

NOV 27 2018

SE:T:EP:RA:A2

Re: Substitute Mortality Table Ruling

Taxpayer =
(EIN:)

Plan A =
(EIN: ; Plan No.)

Plan B =
(EIN: ; Plan No.)

Plan C =
(EIN: ; Plan No.)

Plan D =
(EIN: ; Plan No.)

Plan E =
(EIN: ; Plan No.)

Dear :

This letter is to inform you that your request to use substitute mortality tables for making computations under section 430 of the Internal Revenue Code (the "Code") for Plan E has been granted with respect to the populations specified in this letter, subject to the conditions outlined herein. This ruling is effective for a period of 10 plan years beginning with the plan year commencing January 1, . Your request has been granted in accordance with section 430(h)(3) of the Code and section 303(h)(3) of the Employee Retirement Income Security Act of 1974.

This approval applies to the following specific populations. The substitute mortality tables will also apply to the disabled participants in these populations.

- Male annuitants
- Female annuitants
- Male nonannuitants

In granting this approval, we have only considered whether the substitute mortality rates were developed in accordance with section 1.430(h)(3)-2 of the Treasury Regulations ("Regulations") and Revenue Procedure 2017-55. Accordingly, we are not expressing any opinion as to the accuracy or acceptability of any calculations or other material submitted with your request.

Permission is hereby granted to use the substitute mortality rates shown in the table below for the populations in the Plan E.

Substitute Mortality Tables
Approved for use beginning with the plan year commencing January 1,
Base year

Age	Male Annuitants	Female Annuitants	Male Nonannuitants
1			
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Age	Male Annuitants	Female Annuitants	Male Nonannuitants
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Age	Male Annuitants	Female Annuitants	Male Nonannuitants
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Age	Male Annuitants	Female Annuitants	Male Nonannuitants
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During the study period, Plans A through E existed separately and were aggregated in accordance with section 1.430(h)(3)-2(c)(5) of the Regulations. Plans A through D were subsequently merged into Plan E. A request seeking approval to change one or more funding methods has not been received by the Internal Revenue Service.

The above rates were developed using a 2-year experience study period, with a base year of . The rates were calculated by adjusting the applicable standard mortality tables in section 1.430(h)(3)-1(d) of the Regulations indicated in the table below, using the mortality ratio and credibility weighting factor individually determined for each population, as shown in the table below.

Population	Mortality ratio	Credibility factor
Male Annuitants		
Female Annuitants		
Male Nonannuitants		

The Internal Revenue Service has reviewed the substitute mortality rates and supporting information, and has determined that based on the information submitted, the rates were developed in accordance with section 1.430(h)(3)-2 of the Regulations and Revenue Procedure 2017-55.

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The above rates must be applied on a generational basis, as provided in section 1.430(h)(3)-2(c)(3) of the Regulations.

This ruling has been granted subject to the following condition. In order to continue using the substitute mortality tables for making computations under section 430(h) of the Code, the following information must be provided by the October 15th immediately following the end of each plan year, beginning with the _____ plan year (due October 15, _____). This condition is required because certain segments of the population have changed significantly from the population that existed during the experience study period, most notable male nonannuitants, and further changes can be expected.

- (1) The number of actual deaths during the experience study period used to develop the substitute mortality tables and the beginning and ending dates of the experience study period.
- (2) A table showing the number of expected deaths and actual deaths, reported separately for each year beginning with deaths during _____ through the year preceding the most recent actuarial valuation, and in total.
- (3) A table similar to the stability demonstration required under section 8 of Revenue Procedure 2017-55, showing the average number of participants in the population included in the experience study and the number of participants in the population as of the end of each plan year, beginning with December 31, _____ through the date immediately preceding the most recent actuarial valuation, expressed both as a headcount and as a percentage of the average number of participants in the experience study.
- (4) A table showing a comparison of (i) the average ages and (ii) percentage of the population, by the following monthly single life annuity brackets: under \$ _____, between \$ _____ and \$ _____, between \$ _____ and \$ _____, between \$ _____ and \$ _____, and \$ _____ and over, for the population in the experience study and at the end of each plan year, beginning with December 31, _____ through the date immediately preceding the most recent actuarial valuation. The table should also show the average age and average benefit amount for the population in total, for both the experience study data and at the end of each plan year, beginning with December 31, _____ through the date immediately preceding the most recent actuarial valuation.
- (5) An explanation of any material changes in the population and a certification by the enrolled actuary for the Plan as to whether the substitute mortality table is accurately predictive, along with any additional demographic or other information to substantiate this claim.

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(6) A certification, signed by the enrolled actuary, stating that:

- a. The enrolled actuary is current with educational requirements set forth by the Joint Board for the Enrollment of Actuaries as well as any other actuarial designations asserted;
- b. The enrolled actuary was personally involved in the determination that the substitute mortality table is still accurately predictive and provides the actuary's best estimate for the plan;
- c. In determining that the substitute mortality table is still his or her best estimate, the enrolled actuary took into consideration the effect of business combinations, plan mergers or spinoffs and settlements/other risk transfers, and other events that would have similar effects on the relevant populations; and,
- d. The enrolled actuary has the specific knowledge and experience to make the judgements set forth above and attests to these representations.

This information must be provided to David M. Ziegler (or to another individual designated by the Service), by Fax at (202) 317-8811, or to the following address:

Internal Revenue Service
 Attn: Mr. David M. Ziegler
 TE/GE: SE:T:EP:RA:T:A2
 NCA-630
 1111 Constitution Ave. NW
 Washington DC 20224-0002

Failure to provide this information by the due date may result in the requirement that the standard mortality tables must be used for purposes of section 430 of the Code, beginning with the plan year during which the deadline for providing this information is missed.

Your attention is called to section 430(h)(3)(C)(ii) of the Code and section 1.430(h)(3)-2(d)(6) of the Regulations, which describe the circumstances in which the use of the substitute mortality table will terminate before the end of the 10-year period described above. In general, the substitute mortality tables can no longer be used as of the earliest of:

- (1) For a plan using a substitute mortality table for only one gender, the first plan year for which there is full or partial credible mortality information with respect to the other gender that had lacked credible mortality information (unless an approved substitute mortality table is used for that gender),
- (2) The first plan year in which the plan fails to satisfy the requirements of section 1.430(h)(3)-2(c)(1) of the Regulations, regarding the requirement that other

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plans and populations in the controlled group must also use substitute mortality tables unless it can be demonstrated that they do not have credible mortality information (taking into account the transition period for newly affiliated companies in section 1.430(h)(3)-2(f)(3) of the Regulations),

- (3) The second plan year following the plan year for which there is a significant change in individuals covered by the plan as described in section 1.430(h)(3)-2(c)(6)(iii) of the Regulations,
- (4) The plan year following the plan year in which a substitute mortality table used for a plan population is no longer accurately predictive of future mortality of that population, as determined by the Commissioner or as certified by the plan's actuary to the satisfaction of the Commissioner, or
- (5) The date specified in guidance published in the Internal Revenue Bulletin pursuant to a replacement of mortality tables specified under section 430(h)(3)(A) of the Code and section 1.430(h)(3)-1 of the Regulations, other than annual updates to the static mortality tables issued pursuant to section 1.430(h)(3)-1(a)(3) of the Regulations or changes to the mortality improvement rates pursuant to section 1.430(h)(3)-1(a)(2)(i)(C) of the Regulations.

We draw your attention to the fact that the female nonannuitants experienced deaths during the experience study period (using the simplified rule described in section 1.430(h)(3)-2(c)(2)(ii)(B) of the Regulations). Note that this population will have credible mortality experience if it experiences at least deaths during a 2-year period (corresponding to the length of the experience study used to construct the substitute mortality tables for the other populations). It is important to monitor this population to ensure that appropriate action is taken should this occur, to avoid violating paragraph (2) above.

This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited by others as precedent.

When filing Form 5500 for the plan years for which the substitute mortality tables are used, please note the information that is required to be attached to Schedule SB (Actuarial Information) in accordance with the instructions to that form.

We have sent a copy of this letter to your authorized representative pursuant to a power of attorney (Form 2848) on file in this office and to the Manager, EP Classification in Columbus, Ohio and to the Manager, EP Compliance Unit in Chicago, Illinois.

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If you require further assistance in this matter, please contact
(ID#) at () - .

Sincerely,

David M. Ziegler, Manager
Employee Plans Actuarial Group 2

cc: