



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

TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

NOV 13 2025

Release Number: 202606009

Release Date: 2/6/2026

Re: Ruling for a change in actuarial assumptions

Taxpayer =

EIN: -

Plan for which a change in actuarial assumptions is requested:

Plan =

EIN: - (Plan No. )

Dear :

This letter constitutes notice that approval has been granted for the change in assumptions described below. The approval applies for the plan year beginning January 1, 2025, and has been granted in accordance with section 430(h)(5) of the Internal Revenue Code (Code) and section 303(h)(5) of the Employee Retirement Income Security Act of 1974 (ERISA).

This letter is in response to the Taxpayer's ruling request dated May 22, 2025 and received June 12, 2025.

Taxpayer requests approval, as required under section 430(h)(5), for changes to the following non-prescribed actuarial assumptions for the plan year beginning January 1, 2025 used to determine the funding target for the Plan:

Retirement rate assumptions for:

- a) Actives participants; and
- b) Terminated vested participants.

The following facts and representations have been submitted under penalties of perjury in support of the rulings requested.

Taxpayer represents that they periodically conduct a full review of its demographic assumptions for the Plan, with the most recent review occurring during the 2024 calendar year. An experience study of the Plan's demographic assumptions was performed based on six years of actual Plan experience from 2018 to 2023.

The experience study showed that actual participant retirement rates from 2018 through 2023 were materially lower across nearly all ages, and particularly for those over age 65, compared to the retirement rate assumptions used in the actuarial valuation.

In order to more closely align retirement rate assumptions with actual retirement rates, Taxpayer intends to modify the Plan's retirement rate assumptions for active and terminated vested participants effective the actuarial valuation for the plan year beginning January 1, 2025. Taxpayer notes that the assumption change is necessary to better reflect future retirements and more accurately measure the Plan's future demographic experience.

Since the change in liability as a result of the assumption changes exceeded \$50 million in the Plan's funding target, changing the assumptions from current to the best estimate requires approval as described in section 1.430(d)-1(f)(8) of the Treasury Regulations (Regulations).

Section 430(h)(5) of the Code requires Secretary approval for changes in assumptions used to determine the funding target for certain plans. Section 430(h)(5) shall apply to a plan only if—

- (i) the plan is a defined benefit plan (other than a multiemployer plan) to which title IV of the Employee Retirement Income Security Act of 1974 applies,
- (ii) the aggregate unfunded vested benefits as of the close of the preceding plan year (as determined under section 4006(a)(3)(E)(iii) of the Employee Retirement Income Security Act of 1974) of such plan and all other plans maintained by the contributing sponsors (as defined in section 4001(a)(13) of such Act) and members of such sponsors' controlled groups (as defined in section 4001(a)(14) of such Act) which are covered by title IV (disregarding plans with no unfunded vested benefits) exceed \$50,000,000, and
- (iii) the change in assumptions (determined after taking into account any changes in interest rate and mortality table) results in a decrease in the funding shortfall of the plan for the current plan year that exceeds \$50,000,000, or that exceeds \$5,000,000 and that is 5 percent or more of the funding target of the plan before such change.

Section 1.430(d)-1 of the Regulations provides the rules for the determination of target normal cost and funding target for qualified single employer defined benefit plans, including, in subsection (f) thereof, the rules for the selection of actuarial assumptions and funding method used in the determination of present value.

Section 1.430(d)-1(f)(8) of the Regulations provides the rules for Secretary approval of significant changes in actuarial assumptions.

The provisions of 1.430(d)-1(f)(8) include:

- (i) In general. Except as otherwise provided in paragraph (f)(8)(iii) of this section, any actuarial assumptions used to determine the funding target of a plan for a plan year during which the plan is described in paragraph (f)(8)(ii) of this section cannot be changed from the actuarial assumptions that were used for the preceding plan year without the approval of the Commissioner if the changes in

assumptions result in a decrease in the plan's funding shortfall (within the meaning of section 430(c)(4)) for the current plan year (disregarding the effect on the plan's funding shortfall resulting from changes in interest and mortality assumptions under sections 430(h)(2) and (h)(3)) that either exceeds \$50,000,000, or exceeds \$5,000,000 and is 5 percent or more of the funding target of the plan before such change.

- (ii) Affected plans. A plan is described in this paragraph (f)(8)(ii) for a plan year if—
  - a. The plan is a defined benefit plan (other than a multiemployer plan) to which Title IV of ERISA applies; and
  - b. The aggregate unfunded vested benefits used to determine variable-rate premiums for the plan year (as determined under section 4006(a)(3)(E)(iii) of ERISA) of the plan and all other plans maintained by the contributing sponsors (as defined in section 4001(a)(13) of ERISA) and members of such sponsors' controlled groups (as defined in section 4001(a)(14) of ERISA) which are covered by Title IV of ERISA (disregarding multiemployer plans and disregarding plans with no unfunded vested benefits) exceed \$50,000,000.
- (iii) Automatic approval to resume use of previously used assumptions upon exiting at-risk status during phase-in. A plan that is not in at-risk status for the current plan year and that was in at-risk status for the prior plan year (but not for a period of 5 or more consecutive plan years) is granted automatic approval to use the actuarial assumptions that were applied before the plan entered at-risk status and that were used in combination with the required at-risk assumptions during the period the plan was in at-risk status.

Section 901.20 of the regulations issued by the Joint Board for the Enrollment of Actuaries (JBEA regulations) provides the performance standards for actuarial services under the Employee Retirement Income Security Act of 1974. Subsection 901.20(b) thereof describes the professional duty of the enrolled actuary in the delivery of actuarial services under ERISA, including the requirement that enrolled actuaries perform services in accordance with generally accepted standards of professional responsibility and ethics. Actuarial Standard of Practice No. 35, issued by the Actuarial Standards Board, sets forth professional standards of practice for the selection of demographic and other noneconomic assumptions of measuring pension obligations.

Subsection 901.20(e) of the JBEA regulations provides the duties of the enrolled actuary in performing actuarial services under ERISA and the Code including the reasonability of the actuarial assumptions that are not specifically prescribed by law.

The enrolled actuary must sign a statement on the Form 5500 Schedule SB attesting that to the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my estimate of anticipated experience under the plan.

The following table shows the current retirement rate assumptions for active and terminated vested participants compared to the proposed assumption:

Age	Active Participants		Terminated Vested Participants	
	Current	Proposed	Current	Proposed
55				
56				
57				
58				
59				
60				
61				
62				
63				
64				
65				
66				
67				
68				
69				
70				
71+				

The retirement decrements for active participants were reduced or remained level for all ages to better reflect the experience over the period of the study. Since there is a relatively small group of exposures over age 70, the maximum age of retirement decrements remains at age 71 as extension of this assumption to older ages would not produce material differences.

The retirement age assumption for terminated vested participants was changed from age 62 to age 65 to better reflect the experience of the Plan over the period of the study.

Given the experience analysis provided, we agree with Taxpayer's conclusion that the new assumptions better match Taxpayer's actual experience.

Our analysis also assessed whether the Plan is an 'affected plan' under regulation 1.430(d)-1(f). We considered whether the Plan qualifies for the exception in regulation 1.430(d)-1(f)(8)(iii), the regularity of Taxpayer's undertaking of demographic assumption reviews, assessing the credentials and competence of the actuaries who conducted the experience study that led to the assumption change, assessing whether the proposed assumption change appears to be justified by the results of the study, developing a rough sense that the anticipated results appear to reasonably follow from the proposed assumption change, and considering how the proposed change affects the benefit security of the plan participants.

In all cases our findings were satisfactory.

Approval for these change in assumptions is granted.

In granting this approval, we have considered only the acceptability of the new assumptions and, as necessary, the method by which the transition is to be made between the prior and the new method. Accordingly, we are not expressing any opinion as to the accuracy or acceptability of any calculations or other material submitted with your request. Please note that this letter addresses only issues arising under section 430 of the Code and the approval granted herein should not be read to imply that the Plan as it stands satisfies the requirements of other sections of the Code. Specifically, we are not expressing any opinion with regard to the actual calculation of the minimum required contribution, or the adjusted funding target attainment percentage as of January 1, 2025 for the Plan.

When filing Form 5500 for the plan year beginning January 1, 2025; indicate on line 24 of the Schedule SB by checking the "Yes" box that a change in non-prescribed assumptions has been made for the current year.

This letter ruling may be revoked or modified retroactively if there was a misstatement or omission of controlling facts, the facts at the time of the transaction are materially different from the controlling facts on which the letter ruling was based, or the transaction involves a continuing action or series of actions, and the controlling facts change during the course of the transaction.

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

If you have any questions regarding this matter, please contact Mr.  
(ID#            ) at (    ) -    .

Sincerely,

David M. Ziegler, Manager  
Employee Plans Actuarial Group 2

**Enclosures**

Notice 437, Notice of Intention to Disclose (Rulings)  
A deleted copy of the ruling