

Part IV.--- Items of General Interest

Election of Alternative Funding Schedule

Announcement 2008-2

This announcement sets forth the procedures for electing an alternative funding schedule for certain employers, as described in section 402(a)(2) of the Pension Protection Act of 2006 (PPA), Pub. L. No. 109-280, as amended by section 6615 of the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007, Pub. L. No. 110-28.

Section 402(a) of PPA permits an eligible plan to elect one of two alternative funding schedules to apply in lieu of the generally applicable minimum funding requirements. An eligible plan is a defined benefit plan (other than a multiemployer plan) that is sponsored by an employer that is a commercial passenger airline or whose principal business is providing catering services to a commercial passenger airline. The two alternative funding schedules are set forth in sections 402(a)(1) and (2) of PPA.

An election that is made under section 402(a)(1) of PPA applies beginning in the first applicable year, which must be a plan year that begins in 2006 or 2007. Announcement 2006-70, 2006-40 I.R.B. 629, provides details for the election procedure for the section 402(a)(1) election. If an eligible employer makes the election under section 402(a)(1), the rules of section 402(e) of PPA apply to determine the minimum funding requirements for applicable plan years that begin on or after January 1, 2008.

An election that is made under section 402(a)(2) of PPA applies beginning for the first plan year beginning in 2008. Any such election applies to the plan year for which the election is made and subsequent plan years unless revoked with the consent of the Service. If an employer makes the election under section 402(a)(2) of PPA then, (1) the shortfall amortization base is amortized over a period of 10 plan years (rather than 7 years) and (2) for each of those 10 years, the funding target is determined using an interest rate of 8.25% (instead of the segment rates calculated on the basis of the corporate bond yield curve as more fully described in Notice 2007-81, 2007-44 I.R.B. 899). Under section 402(d)(1)(B) of PPA an election made under section 402(a)(2) of PPA must be made not later than December 31, 2007.

The Appendix of this announcement sets forth the information that must be contained in the election and the address to which the election must be sent.

Appendix

Election of Alternative Funding Schedule under Section 402(a)(2) of the Pension Protection Act of 2006

A. As an officer of the employer maintaining the plan, I hereby elect **the** alternative funding schedule under section 402(a)(2) of PPA and provide the following information:

1. The employer is:

_____ (a) a commercial passenger airline, or

_____ (b) an entity whose principal business is providing catering services to a commercial passenger airline.

2. The name and EIN of the employer: _____

3. The name and plan number of the plan: _____

4. Specify the first plan year for which the alternative funding schedule provisions are to apply: _____

Signature of employer _____ Date _____

The election must be signed by an officer of the employer maintaining the plan. An authorized representative of the employer, a plan administrator, or an enrolled actuary may not sign this election on behalf of the employer.

B. This election must be filed at the following address:

Internal Revenue Service
Commissioner, Tax Exempt and Government Entities Division
Attention: SE:T:EP:RA:T
Alternative Funding Schedule Election
P.O. Box 27063
McPherson Station
Washington, D.C. 20038