

Updated Static Mortality Tables for Defined Benefit Pension Plans for 2016

Notice 2015-53

PURPOSE

This notice provides updated static mortality tables to be used for defined benefit pension plans under § 430(h)(3)(A) of the Internal Revenue Code (Code) and § 303(h)(3)(A) of the Employee Retirement Income Security Act of 1974, Pub. L. No. 93-406, as amended (ERISA). These updated tables, which are being issued using the methodology in the existing final regulations under § 430(h)(3)(A), apply for purposes of calculating the funding target and other items for valuation dates occurring during calendar year 2016.

This notice also includes a modified unisex version of the mortality tables for use in determining minimum present value under § 417(e)(3) of the Code and § 205(g)(3) of ERISA for distributions with annuity starting dates that occur during stability periods beginning in the 2016 calendar year.

BACKGROUND

Section 412 of the Code provides minimum funding requirements that generally apply for defined benefit plans. Section 412(a)(2) provides that § 430 specifies the minimum funding requirements that generally apply to defined benefit plans that are not multiemployer plans. Section 430(a) defines the minimum required contribution for such a plan by reference to the plan's funding target for the plan year.

Section 430(h)(3) provides rules regarding the mortality tables to be used under § 430. Under § 430(h)(3)(A), except as provided in § 430(h)(3)(C) or (D), the Secretary is to prescribe by regulation mortality tables to be used in determining any present value or making any computation under § 430. Those tables are to be based on the actual experience of pension plans and projected trends in that experience. Section 430(h)(3)(B) provides that periodically (at least every 10 years) these mortality tables shall be revised to reflect the actual experience of pension plans and projected trends in that experience.

Section 430(h)(3)(C) provides that, upon request by a plan sponsor and approval by the Secretary, substitute mortality tables that meet the applicable requirements may be used in lieu of the standard mortality tables provided under § 430(h)(3)(A). Section 430(h)(3)(D) provides for the use of separate mortality tables with respect to certain individuals who are entitled to benefits on account of disability, with separate tables for those whose disabilities occurred in plan years beginning before January 1, 1995, and those whose disabilities occurred in plan years beginning after December 31, 1994. These separate mortality tables are permitted to be used with respect to disabled individuals in lieu of the

generally applicable mortality tables provided pursuant to § 430(h)(3)(A) or the substitute mortality tables under § 430(h)(3)(C).

Determination of Minimum Funding Requirements under § 430

Section 1.430(h)(3)-1 of the regulations provides for mortality tables, based on the tables contained in the RP-2000 Mortality Tables Report,¹ adjusted for mortality improvement using Projection Scale AA as recommended in that report. Section 1.430(h)(3)-1 generally requires the use of separate tables for nonannuitant and annuitant periods for large plans (those with over 500 participants as of the valuation date). Sponsors of small plans (those with 500 or fewer participants as of the valuation date) are permitted to use combined tables that apply the same mortality rates to both annuitants and nonannuitants.

Section 1.430(h)(3)-1 describes the methodology that the IRS will use to establish mortality tables as provided under § 430(h)(3)(A). The mortality tables set forth in § 1.430(h)(3)-1 are based on expected mortality as of 2000 and reflect the impact of expected improvements in mortality. The regulations permit plan sponsors to apply the projection of mortality improvement in either of two ways: through use of static tables that are updated annually to reflect expected improvements in mortality, or through use of generational tables. The regulations include static mortality tables for use in actuarial valuations as of valuation dates occurring in 2008 and provide that the mortality tables for valuation dates occurring in future years are to be provided in the Internal Revenue Bulletin. Notice 2008-85, 2008-42 IRB 905, sets forth the static mortality tables that apply under § 430(h)(3)(A) for valuation dates during 2009 through 2013. Notice 2013-49, 2013-32 IRB 127, provides static mortality tables for valuation dates during 2014 and 2015.

Notice 2013-49 also requested comments regarding the publication of mortality tables for future years, and several comments were received. The Treasury Department and the IRS also received additional comments in response to the RP-2014 Mortality Tables Report² and the Mortality Improvement Scale MP-2014 Report.³ The Treasury Department and the IRS are considering the comments received and expect to issue proposed regulations revising the base mortality rates and projection factors in § 1.430(h)(3)-1. However, in order

¹ The RP-2000 Mortality Tables Report was released by the Society of Actuaries in July 2000 and updated in May 2001. Society of Actuaries, RP-2000 Mortality Tables Report, at www.soa.org/Research/Experience-Study/Pension/research-rp-2000-mortality-tables.aspx.

² The RP-2014 Mortality Tables Report was released by the Society of Actuaries in October 2014 and revised in November 2014. Society of Actuaries, RP-2014 Report, at www.soa.org/Research/Experience-Study/pension/research-2014-rp.aspx.

³ The Mortality Improvement Scale MP-2014 Report was released by the Society of Actuaries in October 2014. Society of Actuaries, Mortality Improvement Scale MP-2014 Report, at www.soa.org/Research/Experience-Study/pension/research-2014-mp.aspx.

to give time for notice and comment on the proposed regulations, the new regulations will not apply until 2017.

After regulations implementing new mortality tables are finalized, as additional data regarding mortality improvement for more recent years becomes available, the Treasury Department and IRS expect to regularly review trends in mortality improvement and will update the projection of mortality improvement as necessary.

Application of These Tables for Other Funding Rules

For a plan for which the effective date of § 430 is delayed pursuant to section 104 of the Pension Protection Act of 2006, Public Law 109-280, as amended (PPA '06), current liability under § 412(l)(7) (as in effect prior to the enactment of PPA '06) must be determined in order to calculate the plan's minimum required contribution. For this purpose, § 1.412(l)(7)-1(a) provides that for plan years beginning on or after January 1, 2008, the mortality tables described in § 430(h)(3)(A) are to be used to determine current liability under § 412(l)(7) for nondisabled participants.

Section 1.431(c)(6)-1 provides that the same mortality assumptions that apply for purposes of § 430(h)(3)(A) and § 1.430(h)(3)-1(a)(2) are used to determine a multiemployer plan's current liability for purposes of applying the full-funding rules of § 431(c)(6). For this purpose, a multiemployer plan is permitted to apply either the annually-adjusted static mortality tables or the generational mortality tables.

Section 433 provides the minimum funding standards for CSEC plans, which are described in section 414(y). Section 433(h)(3)(B)(i) provides that the Secretary may by regulation prescribe mortality tables to be used in determining current liability for purposes of § 433(c)(7)(C). The Treasury Department and the IRS expect to issue regulations prescribing that the mortality tables described in § 430(h)(3)(A) are to be used to determine current liability under § 433(c)(7)(C).

Application of Mortality Tables for Minimum Present Value Requirements under § 417(e)(3)

Section 417(e)(3) generally provides that the present value of certain benefits under a qualified pension plan (including single-sum distributions) cannot be less than the present value of the accrued benefit using applicable interest rates and the applicable mortality table. Under § 1.417(e)-1(d), these rules must also be used to compute the present value of a plan benefit for purposes of determining whether consent for a distribution is required under § 411(a)(11)(A).

Section 417(e)(3)(B) defines the term “applicable mortality table” as the mortality table specified for the plan year under § 430(h)(3)(A) (without regard to § 430(h)(3)(C) or (D)), modified as appropriate by the Secretary.

Rev. Rul. 2007-67, 2007-2 CB 1047, provides that, except as otherwise stated in future guidance, the applicable mortality table under § 417(e)(3) for 2008 is based on a fixed blend of 50% of the static male combined mortality rates and 50% of the static female combined mortality rates promulgated under § 1.430(h)(3)-1(c)(3) of the proposed regulations (which have since been issued as final regulations). The applicable mortality table for purposes of § 417(e)(3) is not a generational table. Rev. Rul. 2007-67 also provides that the applicable mortality table for a given year applies to distributions with annuity starting dates that occur during stability periods that begin during that calendar year. Rev. Rul. 2007-67 further states that the § 417(e)(3) applicable mortality table for each subsequent year will be published in future guidance and, except as provided in that future guidance, will be determined from the § 430(h)(3)(A) tables on the same basis as the applicable mortality table for 2008. Notice 2008-85 set forth the § 417(e)(3) applicable mortality tables for distributions with annuity starting dates that occur during stability periods beginning during calendar years 2009 through 2013. Notice 2013-49 set forth the § 417(e)(3) applicable mortality tables for distributions with annuity starting dates that occur during stability periods beginning during calendar years 2014 and 2015.

STATIC MORTALITY TABLES FOR 2016

This notice sets forth the mortality tables for minimum funding and present value requirements for 2016.

The static mortality tables that apply under § 430(h)(3)(A) for valuation dates occurring during 2016 are set forth in the appendix to this notice. The mortality rates in these tables have been developed from the base mortality rates, projection factors, and weighting factors set forth in § 1.430(h)(3)-1(d), using the blending techniques described in the preamble to those regulations.

The static mortality tables that apply under § 417(e)(3) for distributions with annuity starting dates occurring during stability periods beginning in 2016 are set forth in the appendix to this notice in the column labeled “Unisex.” These tables were derived from the tables used for § 430(h)(3)(A) following the procedures set forth in Rev. Rul. 2007-67.

Drafting Information

The principal authors of this notice are Michael P. Brewer and Linda S. F. Marshall of the Office of the Associate Chief Counsel (Tax Exempt and Government Entities). For further information regarding this notice, contact Michael Brewer or Linda Marshall (202) 317-6700 (not a toll-free number).

APPENDIX

**Mortality tables for
valuation dates occurring during 2016 and
distributions subject to § 417(e)(3) with annuity starting dates occurring
during stability periods beginning in 2016**

Age	MALE	MALE	MALE	FEMALE	FEMALE	FEMALE	UNISEX
	2016 Non- Annuitant Table	2016 Annuitant Table	2016 Optional Combined Table for Small Plans	2016 Non- Annuitant Table	2016 Annuitant Table	2016 Optional Combined Table for Small Plans	2016 Table for Distributions Subject to § 417(e)(3)
1	0.000341	0.000341	0.000341	0.000305	0.000305	0.000305	0.000323
2	0.000230	0.000230	0.000230	0.000199	0.000199	0.000199	0.000215
3	0.000191	0.000191	0.000191	0.000149	0.000149	0.000149	0.000170
4	0.000149	0.000149	0.000149	0.000111	0.000111	0.000111	0.000130
5	0.000136	0.000136	0.000136	0.000101	0.000101	0.000101	0.000119
6	0.000130	0.000130	0.000130	0.000094	0.000094	0.000094	0.000112
7	0.000125	0.000125	0.000125	0.000088	0.000088	0.000088	0.000107
8	0.000115	0.000115	0.000115	0.000079	0.000079	0.000079	0.000097
9	0.000112	0.000112	0.000112	0.000075	0.000075	0.000075	0.000094
10	0.000113	0.000113	0.000113	0.000075	0.000075	0.000075	0.000094
11	0.000117	0.000117	0.000117	0.000076	0.000076	0.000076	0.000097
12	0.000122	0.000122	0.000122	0.000079	0.000079	0.000079	0.000101
13	0.000128	0.000128	0.000128	0.000083	0.000083	0.000083	0.000106
14	0.000140	0.000140	0.000140	0.000092	0.000092	0.000092	0.000116
15	0.000148	0.000148	0.000148	0.000103	0.000103	0.000103	0.000126
16	0.000157	0.000157	0.000157	0.000111	0.000111	0.000111	0.000134
17	0.000166	0.000166	0.000166	0.000119	0.000119	0.000119	0.000143
18	0.000174	0.000174	0.000174	0.000121	0.000121	0.000121	0.000148
19	0.000183	0.000183	0.000183	0.000119	0.000119	0.000119	0.000151
20	0.000190	0.000190	0.000190	0.000116	0.000116	0.000116	0.000153
21	0.000203	0.000203	0.000203	0.000113	0.000113	0.000113	0.000158
22	0.000215	0.000215	0.000215	0.000114	0.000114	0.000114	0.000165
23	0.000233	0.000233	0.000233	0.000119	0.000119	0.000119	0.000176
24	0.000251	0.000251	0.000251	0.000126	0.000126	0.000126	0.000189
25	0.000275	0.000275	0.000275	0.000134	0.000134	0.000134	0.000205
26	0.000314	0.000314	0.000314	0.000147	0.000147	0.000147	0.000231
27	0.000327	0.000327	0.000327	0.000153	0.000153	0.000153	0.000240
28	0.000336	0.000336	0.000336	0.000162	0.000162	0.000162	0.000249
29	0.000353	0.000353	0.000353	0.000171	0.000171	0.000171	0.000262
30	0.000380	0.000380	0.000380	0.000193	0.000193	0.000193	0.000287
31	0.000427	0.000427	0.000427	0.000239	0.000239	0.000239	0.000333
32	0.000481	0.000481	0.000481	0.000273	0.000273	0.000273	0.000377
33	0.000540	0.000540	0.000540	0.000298	0.000298	0.000298	0.000419
34	0.000601	0.000601	0.000601	0.000319	0.000319	0.000319	0.000460
35	0.000662	0.000662	0.000662	0.000337	0.000337	0.000337	0.000500

Age	MALE	MALE	MALE	FEMALE	FEMALE	FEMALE	UNISEX
	2016 Non-Annuitant Table	2016 Annuitant Table	2016 Optional Combined Table for Small Plans	2016 Non-Annuitant Table	2016 Annuitant Table	2016 Optional Combined Table for Small Plans	2016 Table for Distributions Subject to § 417(e)(3)
36	0.000720	0.000720	0.000720	0.000354	0.000354	0.000354	0.000537
37	0.000774	0.000774	0.000774	0.000369	0.000369	0.000369	0.000572
38	0.000800	0.000800	0.000800	0.000386	0.000386	0.000386	0.000593
39	0.000821	0.000821	0.000821	0.000406	0.000406	0.000406	0.000614
40	0.000841	0.000841	0.000841	0.000442	0.000442	0.000442	0.000642
41	0.000863	0.000890	0.000863	0.000484	0.000484	0.000484	0.000674
42	0.000890	0.000987	0.000891	0.000533	0.000533	0.000533	0.000712
43	0.000922	0.001133	0.000925	0.000586	0.000586	0.000586	0.000756
44	0.000961	0.001328	0.000968	0.000644	0.000644	0.000644	0.000806
45	0.001005	0.001572	0.001018	0.000682	0.000689	0.000682	0.000850
46	0.001044	0.001864	0.001066	0.000719	0.000778	0.000720	0.000893
47	0.001085	0.002205	0.001121	0.000755	0.000912	0.000759	0.000940
48	0.001128	0.002595	0.001181	0.000817	0.001090	0.000826	0.001004
49	0.001172	0.003034	0.001248	0.000883	0.001313	0.000901	0.001075
50	0.001217	0.003521	0.001321	0.000985	0.001580	0.001015	0.001168
51	0.001262	0.003556	0.001376	0.001100	0.001697	0.001135	0.001256
52	0.001309	0.003546	0.001462	0.001271	0.001914	0.001319	0.001391
53	0.001401	0.003595	0.001610	0.001468	0.002193	0.001537	0.001574
54	0.001503	0.003643	0.001779	0.001700	0.002532	0.001799	0.001789
55	0.001671	0.003798	0.002110	0.001969	0.002935	0.002152	0.002131
56	0.001883	0.004033	0.002565	0.002287	0.003418	0.002610	0.002588
57	0.002132	0.004344	0.002968	0.002577	0.003908	0.003030	0.002999
58	0.002424	0.004758	0.003451	0.002817	0.004385	0.003425	0.003438
59	0.002677	0.005165	0.003918	0.003081	0.004929	0.003887	0.003903
60	0.002959	0.005656	0.004478	0.003365	0.005525	0.004435	0.004457
61	0.003369	0.006358	0.005263	0.003668	0.006166	0.005118	0.005191
62	0.003704	0.007004	0.006048	0.003986	0.006852	0.005877	0.005963
63	0.004180	0.007918	0.007134	0.004314	0.007582	0.006772	0.006953
64	0.004540	0.008761	0.008067	0.004648	0.008372	0.007643	0.007855
65	0.004892	0.009703	0.009141	0.004983	0.009235	0.008619	0.008880
66	0.005398	0.011004	0.010623	0.005314	0.010170	0.009742	0.010183
67	0.005731	0.012182	0.011866	0.005636	0.011175	0.010824	0.011345
68	0.005858	0.013160	0.012896	0.005945	0.012271	0.011969	0.012433
69	0.006143	0.014537	0.014297	0.006240	0.013503	0.013232	0.013765
70	0.006210	0.015686	0.015440	0.006517	0.014919	0.014634	0.015037
71	0.007026	0.017356	0.017114	0.007108	0.016177	0.015900	0.016507
72	0.008658	0.019271	0.019050	0.008290	0.017994	0.017731	0.018391
73	0.011106	0.021465	0.021276	0.010064	0.019543	0.019318	0.020297
74	0.014369	0.023946	0.023797	0.012429	0.021660	0.021473	0.022635
75	0.018448	0.027356	0.027240	0.015385	0.023365	0.023229	0.025235
76	0.023343	0.030490	0.030416	0.018932	0.025743	0.025650	0.028033
77	0.029054	0.034715	0.034671	0.023071	0.029017	0.028956	0.031814
78	0.035581	0.039486	0.039466	0.027801	0.031986	0.031958	0.035712

