

26 CFR § 601.201: Rulings and determination letters.

Rev. Proc. 2017-57

Procedures for Requesting Approval for a Change in Funding Method

SECTION 1. PURPOSE

The purpose of this revenue procedure is to update Rev. Proc. 2000-41, 2000-2 C.B. 371, to take into account the enactment of subsequent legislation. This revenue procedure sets forth the procedure for obtaining approval of the Internal Revenue Service (IRS) for a change in the funding method used for a defined benefit plan, as provided by § 412(d)(1) of the Internal Revenue Code (“Code”) and section 302(d)(1) of the Employee Retirement Income Security Act of 1974, Public Law 93-406 (88 Stat. 829 (1974)), as amended (ERISA). This revenue procedure also sets forth the procedure for obtaining approval of the IRS to revoke an election relating to interest rates pursuant to § 430(h)(2)(D)(ii) or § 430(h)(2)(E) of the Code and the corresponding sections of ERISA.

SECTION 2. BACKGROUND

.01 Sections 412 (minimum funding standards), 430 (minimum funding standards for single-employer defined benefit pension plans other than CSEC plans), 431 (minimum funding standards for multiemployer plans), and 433 (minimum funding standards for CSEC plans) of the Code set forth funding rules for defined benefit plans.¹ Under § 412(d)(1), a change of funding method for a plan may take effect only if the change is approved by the IRS. A funding method is a recognized actuarial technique utilized for establishing the amount and incidence of the annual actuarial cost of pension plan benefits and expenses.

.02 Section 430(h)(2) provides the requirements for the interest rates that are used under § 430. Unless the plan sponsor elects to use interest rates under the corporate bond yield curve, the interest rates that must be used are based on the three segment rates for the applicable month. Under § 430(h)(2)(E), the applicable month is the month that includes the valuation date, unless the plan sponsor elects to use a different permitted applicable month. As provided under §§ 430(h)(2)(D)(ii) and 430(h)(2)(E), an election to use the corporate bond yield curve, as well as an election of a permitted applicable month other than the month that contains the valuation date (if use of the corporate bond yield curve is not elected), may be revoked only with the consent of the IRS.

.03 Rev. Proc. 2000-41 provides procedures for obtaining the IRS’s approval for a change in funding method, but it does not take into account the changes to the minimum funding requirements enacted in legislation after it was issued, including the Pension Protection Act of 2006, Pub. L. 109-280, the Cooperative and Small Employer Charity

¹ Sections 302, 303, 304 and 306 of ERISA contain parallel funding rules for defined benefit plans.

Pension Flexibility Act, Pub. L. 113-97, and the Multiemployer Pension Reform Act of 2014, which was enacted as part of the Consolidated and Further Continuing Appropriations Act, 2015, Pub. L. 113-235.

.04 Rev. Proc. 2017-4, 2017-01 I.R.B. 146, sets forth the current general procedures of the IRS relating to the issuance of rulings, determination letters, and opinion letters on employee plans and exempt organization matters (including user fees). These general procedures are updated annually. Sections 6.02(11) and (12) of Rev. Proc. 2017-4 set forth the requirements for designating an authorized representative.

.05 Rev. Proc. 2017-56, 2017-44 I.R.B. xx, provides automatic approval for certain changes in funding method for single-employer defined benefit plans for calculations described under § 430, and Rev. Proc. 2000-40, 2000-2 C.B. 357, provides automatic approval for certain changes in funding method for defined benefit plans that are not subject to the required minimum funding rules of § 430.

SECTION 3. SCOPE OF THIS REVENUE PROCEDURE AND APPLICABLE DEFINITIONS

.01 This revenue procedure applies to any defined benefit plan that is subject to § 412 of the Code or section 302 of ERISA. Pursuant to § 412(d)(1) of the Code and section 302(d)(1) of ERISA, any change in funding method must be approved by the IRS. Section 433(c)(5)(B) of the Code and section 306(c)(5)(B) of ERISA also provide that a change of funding method for a CSEC plan must be approved by the IRS. Thus, this revenue procedure applies for purposes of all of those sections. See sections 4 and 5 of this revenue procedure. This revenue procedure also provides for approval of the revocation of an election relating to interest rates pursuant to § 430(h)(2)(D)(ii) or 430(h)(2)(E) of the Code and section 303(h)(2)(D)(ii) or 303(h)(2)(E) of ERISA. See section 6 of this revenue procedure.

.02 A funding method is used for a plan year if it is used to determine the minimum required contribution for the plan year as reflected in the Schedule SB (Single-Employer Defined Benefit Plan Actuarial Information) or the Schedule MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information), as applicable, that is attached to the Form 5500, "Annual Return/Report of Employee Benefit Plan." A plan's funding method includes not only the overall actuarial cost method used by the plan but also each specific method of computation used in applying the overall method. Any change in a plan's current method of computing the minimum funding requirement under § 412 of the Code is a change in funding method. This includes any change in the determination of the value of plan assets or liabilities that is not the result of changes in data or actuarial assumptions. A change in funding method includes any changes in the selection of data elements that are used in the valuation. Data elements are types of data, such as compensation, dates of birth or hire, or gender, used to value the plan liabilities. For example, a change from using assumed data to using actual data for purposes of determining plan liabilities (such as changing from assuming that each male participant's spouse is three years younger than the participant to using the actual age of

each male participant's spouse) is a change in the selection of data elements. However, if actual data generally was used for the prior plan year except that assumed data was used to fill in for some data that was missing or incomplete, then the use of actual data for the current plan year (because there is no longer a need to fill in for missing or incomplete data) would not be a change in the selection of data elements.

(a) The following are examples of changes in funding method:²

Example 1 -- The method of valuing liabilities is unchanged, but the method of valuing assets is changed from one method to another method.

Example 2 -- The plan year is not changed, but the valuation date for the plan is changed from the date that is the first day of the plan year to the date that is the last day of the plan year.

Example 3 -- The valuation date for the plan has been the date that is the first day of the plan year. The plan year is changed, and the valuation date is changed to the date that is the first day of the new plan year.

Example 4 -- The plan's enrolled actuary ceases using Vendor A's software to determine the plan's minimum funding requirement, and begins using Vendor B's software, with the result that some computations are not the same after the change in valuation software.

Example 5 -- The plan year is the calendar year and the valuation date is January 1. For the prior plan year, the data element used to project future compensation was the actual annual compensation (as reported on Form W-2, "Wage and Tax Statement"), for the plan year preceding the valuation date. For the current plan year, the data element used to project future compensation is the monthly rate of pay as of the valuation date.

Example 6 -- The plan year is the first plan year of a plan that is the result of a spin-off to which the de minimis rule of § 1.414(l)-1(n)(2) does not apply and the funding method is not the same as the funding method used prior to the spin-off.

Example 7 -- The plan year is the first plan year following a merger of two or more plans and the funding method is not the same as the funding method used by all of the merging plans prior the merger.

(b) The following are examples of changes in funding method for plans with respect to which § 430 does not apply (such as multiemployer plans):

Example 1 -- The actuarial cost method used to determine the minimum funding

² Rev. Proc. 2017-56 and Rev. Proc. 2000-40 provide automatic approval for certain of the changes in funding method illustrated in these examples.

requirement is changed from the entry age normal method to the unit credit method.

Example 2 -- The method used to determine the minimum funding requirement is changed from the aggregate method under which the normal cost is level as a percentage of compensation to the aggregate method under which the normal cost is level as a dollar amount.

Example 3 -- The method for determining the cost of ancillary benefits is changed from one method to another method.

(c) The following are examples of changes in actuarial assumptions, rather than changes in funding method:³

Example 1 – For the prior plan year, projected static mortality tables were used for the plan and for the current plan year, generational mortality tables are used for the plan.

Example 2 – The plan is subject to the requirements of § 430, and the determination of the value of plan assets uses averaging of fair market values as provided in § 430(g)(3)(B). For the prior plan year, the expected earnings were based on an assumed earnings rate of seven percent. For the current plan year, an assumed earnings rate of six percent is used. (In both cases, the assumed earnings rates are limited to the third segment rate applicable under § 430(h)(2)(C)(iii).)

Example 3 – For the prior plan year, the compensation used to project future compensation was equal to the compensation for the plan year preceding the valuation date increased by three percent. For the current plan year, the compensation used to project future compensation is equal to the compensation for the plan year preceding the valuation date increased by four percent.

(d) The following are examples of interest rate elections (for which approval is not required), as well as revocations of interest rate elections for single-employer plans subject to the requirements of § 430 (for which approval is required and may be requested pursuant to section 6 of this revenue procedure), rather than changes in funding method:

Example 1 – Plan liabilities are valued using the corporate bond yield curve for the 2016 plan year, the segment rates for the 2017 plan year, and the corporate bond yield curve for the 2018 plan year. The change from interest rates under the corporate bond yield curve for the 2016 plan year to the segment rates for the 2017 plan year is made through a revocation of an election to use the corporate bond yield curve, which requires

³ Although a change in actuarial assumptions does not constitute a change in funding method, certain changes in actuarial assumptions may not be made without approval of the IRS pursuant to § 430(h)(5) and § 433(c)(5)(C). See Rev. Proc. 2017-4, or its successor, for procedures on how to request approval for such a change in actuarial assumptions.

the approval of the IRS, in accordance with § 430(h)(2)(D)(ii) and § 1.430(h)(2)-1(e). The change from segment rates to the corporate bond yield curve for the 2018 plan year is an election to use the corporate bond yield curve, which does not require the approval of the IRS, in accordance with § 430(h)(2)(D)(ii) and § 1.430(h)(2)-1(e).

Example 2 – The applicable month used to determine the segment rates is changed from the fourth month preceding the valuation date to the first month preceding the valuation date. This change is made through a revocation of an election pursuant to § 430(h)(2)(E) and § 1.430(h)(2)-1(e) (which requires the approval of the IRS) combined with a new election under those provisions.

.03 Approval will be given to a change in funding method only if the proposed method is permitted under applicable funding rules and the transition to the proposed method is acceptable. In addition, a change in funding method that has a significant effect on a plan's minimum required contribution, maximum tax deductible contribution, operations under § 436 for the year of change, or status under § 432(b) (in the case of a multiemployer plan) may be reviewed to assess the appropriateness of the change in light of that effect.

SECTION 4. APPLICATION PROCEDURES

.01 A plan administrator, plan sponsor, or the authorized representative of either, that seeks to obtain approval for a change in funding method must make a written request for that approval that satisfies all the requirements of Rev. Proc. 2017-4 (or its successor). Attention is called to sections 6.02(10) through (14) of Rev. Proc. 2017-4 (or the corresponding portions of its successor) concerning signatures, authorized representatives (such as attorneys and enrolled actuaries), a power of attorney and declaration of representative, and a penalties of perjury statement. However, a statement of proposed deletions pursuant to § 6110(c) is not required to be furnished. All signatures must be accompanied by the typed name and title (if applicable) of the signer. Refer to Appendix A of this revenue procedure for a checklist of the information that must be included with the request for approval. Any information described in this revenue procedure that is unduly burdensome to furnish need not be included, but the request for approval must include a statement indicating why this material is not being furnished.

.02 The request should generally be made no later than 2½ months following the close of the plan year for which the change is to be effective. Requests made after 2½ months following the close of the plan year generally will not be considered unless the request involves a plan merger. In the case of a request for approval for a change in funding method that involves a plan merger, the request should be made no later than 4 months before the Form 5500 filing deadline for the ongoing plan for the plan year in which the merger took place.

.03 The information specified in this section 4.03 must accompany the request:

(1) The employer identification number, the plan name and number, and the name,

address, and phone number of the plan administrator or plan sponsor.

(2) A statement of the plan year first affected by the proposed change.

(3) A copy of the actuarial valuation report for the plan year preceding the year of change, and, if available, a draft of the actuarial valuation report for the year of change.

(4) A copy of the most recently filed Schedule SB or Schedule MB, as applicable, of Form 5500 including attachments thereto.

(5) A description of the current funding method, the proposed funding method, and the transition between the two funding methods. For this purpose, a funding method may be described by reference to a funding method contained in Rev. Proc. 2000-40, Rev. Proc. 2017-56, or other published guidance. The description of a funding method should include sufficient details so that two independent actuaries applying the described method would arrive at the same valuation results using the same assumptions for a given plan.

If applicable, the description must indicate how the proposed method applies differently in the first year of the change than it applies in the subsequent years. For example, a proposed asset valuation method may start at market value in the year of change and phase in gains and losses in subsequent years. Additionally, if either of those asset valuation methods is not described in Rev. Proc. 2000-40 or Rev. Proc. 2017-56 (as applicable), a numerical illustration demonstrating the calculation of the actuarial value of assets under the current method and the proposed method must be included.

(6) A brief statement of the reason for the proposed change and a statement why automatic approval under Rev. Proc. 2000-40 or Rev. Proc. 2017-56 (as applicable) may not be used to make the change.

(7) A statement of whether a change in funding method was made (or whether approval for a change of funding method was requested, but the change was not made) for any of the 5 plan years preceding the year of change. If the funding method was changed, or a change was requested, in any of the 5 preceding plan years the following information must be provided:

(A) If the change in funding method was automatically approved,

- (i) the plan year of the change
- (ii) the details of the change in funding method, and
- (iii) the specific provision of the statute, regulation, revenue procedure, or other authority providing for the automatic approval.

(B) If approval for the change in funding method was requested and granted, a copy of the approval letter.

(C) If approval for the change in funding method was requested and denied, a copy of the denial letter.

(D) If approval for a change in funding method was requested and the request withdrawn, a summary of the request and the reason for the withdrawal.

(8) A statement of whether a waiver of the minimum funding standard was requested for any of the 5 plan years preceding the year of change. Also, provide a statement of whether a request for a waiver is currently pending or is expected to be submitted in the near future. If a waiver was requested in any of the preceding 5 plan years, the following information must be provided:

- (A) If the waiver was approved, a copy of the letter granting the waiver.
- (B) If the waiver was denied, a copy of the letter denying the waiver.
- (C) If the waiver request was withdrawn, a summary of the request and the reason for the withdrawal.

(9) A statement of whether an extension of any amortization period is currently in effect or whether an amortization extension was requested for any of the 5 plan years preceding the year of change. Also, provide a statement of whether a request for an amortization extension is currently pending or is expected to be submitted in the near future. If an amortization extension was requested in any of the preceding 5 plan years, the following information must be provided:

- (A) If the amortization extension was approved, a copy of the approval letter.
- (B) If the amortization extension was denied, a copy of the denial letter.
- (C) If the amortization extension request was withdrawn, a summary of the request and the reason for the withdrawal.

(10) A statement of other changes being made for the year of the proposed change that have an impact on the funding requirements, such as a plan amendment or a change in actuarial assumptions.

(11) The technical information specified in sections 4.03(12) through (14) of this revenue procedure, as applicable, depending on whether the plan is a single-employer plan subject to § 430, a single-employer plan not subject to § 430, or a multiemployer plan.

(12) Technical information for single-employer plans subject to § 430:

(A) A worksheet prepared by the enrolled actuary for the plan containing the information described in sections 4.03(12)(B) through (D) of this revenue procedure, determined as of the valuation date in the year of the change in funding method. That information must be shown both (i) without regard to any change in plan provisions, actuarial assumptions, or funding methods that first apply in the year of change, and (ii) taking into account the change in funding method and other changes that first apply in the year of change. In addition, if there are changes in actuarial assumptions or plan provisions, then the worksheet must separately identify the impact of the change in funding method by including the information before and after the change in funding method, with both sets of information based on a consistent set of actuarial assumptions

and plan provisions (which may either reflect the changes in the actuarial assumptions and plan provisions or not reflect those changes).

(B) If there are any shortfall or waiver amortization bases, for each base:

- (i) The type of base (shortfall or waiver);
- (ii) The valuation date as of which the base was established;
- (iii) The amortization installment;
- (iv) The number of years remaining in the amortization period; and
- (v) The present value of any remaining installments (including the installment for the current plan year).

(C) The calculation of the § 430 minimum required contribution for the year of change (determined without regard to the use of the prefunding balance or funding standard carryover balance). This information must include the funding target, the fair market value of assets, the actuarial value of assets, target normal cost, and amortization installments.

(D) The calculation of the § 436 adjusted funding target attainment percentage (AFTAP) for the year of change.

(13) Technical information for single-employer plans not subject to § 430:

(A) A worksheet prepared by the enrolled actuary for the plan containing the information described in sections 4.03(13)(B) through (D) of this revenue procedure, determined as of the valuation date in the year of the change in funding method. That information must be shown both (i) without regard to any change in plan provisions, actuarial assumptions, or funding methods that first apply in the year of change, and (ii) taking into account the change in funding method and other changes that first apply in the year of change. In addition, if there are changes in actuarial assumptions or plan provisions, then the worksheet must separately identify the impact of the change in funding method by including the information before and after the change in funding method, with both sets of information based on a consistent set of actuarial assumptions and plan provisions (which may either reflect the changes in the actuarial assumptions and plan provisions or not reflect those changes).

(B)(i) A list of the amortization bases maintained (including, for each base, the type of base, outstanding balance, amortization amount, and remaining amortization period). The calculation of the new base or bases must also be shown. If bases are combined or offset in the year of change, in addition to the resulting single base, show information for each base.

(ii) The unfunded liability of the plan. For immediate gain methods, show the actuarial value of assets prior to any adjustments (such as adjustments for credit balances or outstanding balances of amortization bases) but excluding contributions designated for the current plan year.

(iii) The basic funding formula (or equation of balance). If the equation of balance is not satisfied, explain the effect on the operation of the funding method in the year of change.

(C) The calculation of the minimum required contribution for the year of change (determined without reduction for the credit balance in the funding standard account). This information must include the accrued liability (if applicable), the fair market value of assets, the actuarial value of assets, the normal cost, and the amortization charges and credits.

(D) The calculation of the full funding limitation under § 412 (prior to amendment by the Pension Protection Act of 2006 (PPA '06), Public Law 109-280 (120 Stat. 780 (2006)), or § 433(c)(7) (as applicable), for the year of change.

(14) Technical information for multiemployer plans:

(A) A worksheet prepared by the enrolled actuary for the plan containing the information described in sections 4.03(14)(B) through (F), determined as of the valuation date in the year of the change in funding method. That information must be shown both (i) without regard to any change in plan provisions, actuarial assumptions, or funding methods that first apply in the year of change, and (ii) taking into account the change in funding method and other changes that first apply in the year of change. In addition, if there are changes in actuarial assumptions or plan provisions, then the worksheet must separately identify the impact of the change in funding method by including the information before and after the change in funding method, with both sets of information based on a consistent set of actuarial assumptions and plan provisions (which may either reflect the changes in the actuarial assumptions and plan provisions or not reflect those changes).

(B)(i) A list of the amortization bases maintained (including, for each base, the type of base, outstanding balance, amortization amount, and remaining amortization period). The calculation of the new base or bases must also be shown. If bases are combined or offset in the year of change, in addition to the resulting single base, show information for each base.

(ii) The unfunded liability of the plan. For immediate gain methods, show the actuarial value of assets prior to any adjustments (such as adjustments for credit balances or outstanding balances of amortization bases) but excluding contributions designated for the current plan year.

(iii) The basic funding formula (or equation of balance). If the equation of balance is not satisfied, explain the effect on the operation of the funding method in the year of change.

(C) The calculation of the § 431 minimum required contribution for the year of change (determined without reduction for the credit balance in the funding standard account). This information must include the accrued liability (if applicable), the fair market value of assets, the actuarial value of assets, the normal cost, and the amortization charges and credits.

(D) The calculation of the § 431 full funding limitation for the year of change.

(E) The following additional information must be provided with respect to a multiemployer plan if the plan is in endangered status or critical status (including critical and declining status) under § 432 for the year of change:

(i) Projections, for 10 plan years (or over the remainder of the applicable funding improvement period or rehabilitation period if longer) of (a) any funding standard account credit balance or accumulated funding deficiency, (b) actuarial value of assets and market value of assets, (c) current liability determined under § 431(c)(6)(D), and (d) funded percentage determined under § 432(j)(2).

(ii) A copy of the most recent certification under § 432(b)(3) of the plan's status, and a statement of whether or not the plan sponsor has made an election to be treated as in critical status under § 432(b)(4).

(iii) A copy of any funding improvement plan or rehabilitation plan to which the plan is currently subject in accordance with § 432, or to which the plan has been subject at any time within the 5 years preceding the year of change, and all updates to the funding improvement plan or rehabilitation plan.

(F) If, for the year of change, the plan is in critical and declining status under § 432 and an application for approval of a proposed suspension of benefits under § 432(e)(9) has been either approved by or is pending with the Secretary of the Treasury, a copy of the application must be provided. In lieu of including a copy of the application with this request, reference may be made to the Department of Treasury website (www.treasury.gov) if the benefit suspension application has been posted on that website when the request for the change in funding method is filed.

.04 In the case of a change in funding method involving a plan merger, the information described in section 4.03 of this revenue procedure must be provided for all merging plans as of the date of the merger. In addition, the technical information described in the sections 4.03(12) through (14) of this revenue procedure, as applicable depending on the plan, for the ongoing plan must be provided taking into account the merger.

.05 In the case of a change in funding method involving a spin-off, the information described in section 4.03 of this revenue procedure must be provided for the original plan as of the date of the spin-off. In addition, the technical information described in the sections 4.03(12) through (14) of this revenue procedure, as applicable depending on the

plan, for the original plan and all spun-off plans must be provided taking into account the spin-off. With respect to a plan that, following the spin-off, is not maintained by a member of the controlled group of the plan sponsor requesting the approval for the change in funding method, this information may be provided using the assumption that there are no changes following the spin-off.

.06 The IRS may request additional information as needed. For example, the IRS may request detailed valuation results for test lives that illustrate the effect of the change. See section 27 of Rev. Proc. 2017-4 (or the corresponding portion of its successor) for timing to respond to a request for additional information.

.07 If a conference has been requested, a conference will be granted only in accordance with section 28 of Rev. Proc. 2017-4 (or the corresponding portion of its successor). If the IRS proposes an adverse holding, the taxpayer will be offered a conference in accordance with section 28 of Rev. Proc. 2017-4 (or the corresponding portion of its successor).

.08 If the request for the change in funding method is approved, the instructions to Schedule SB or Schedule MB, as applicable, of Form 5500 should be followed in reporting the change.

SECTION 5. CLASS RULINGS

.01 In a case in which approval is sought for a change in funding method for a group of plans, a “class ruling” providing approval of that change for all plans within that class may be requested. A class consists of a group of at least 40 plans (1) that receive actuarial services from the same insurance company, consulting firm, or business organization, or whose actuarial valuations are produced using the software of the same vendor, and (2) for which an identical change in funding method is proposed. A class ruling will provide approval for all plans in the class.

.02 An enrolled actuary may request a class ruling on behalf of an insurance company, consulting firm, or business organization that provides actuarial services to the plans within the class. An enrolled actuary may also request a class ruling on behalf of a software vendor, and the ruling would apply to all plans for which the actuarial valuations are produced using that vendor's software (both before and after the change in funding method).

.03 The enrolled actuary making the request must state the period for which the class ruling is proposed to be effective, and a plan covered by the class ruling is permitted to use the approval for a plan year that begins within the stated period. The stated period may not begin prior to 12 months before the month in which the request is made. Generally, the period may not exceed 36 months.

.04 In lieu of the plan-specific information otherwise required under section 4 of this revenue procedure, the request for a class ruling must contain the following information:

(1) The name and enrollment number of the actuary making the request.

(2) The name and address of the insurance company, consulting firm, business organization, or software vendor described in section 5.02 of this revenue procedure.

(3) A statement indicating that the applicant believes that the class ruling will be applied to at least 40 plans and an estimate of the number of plans that are expected to change the funding method in accordance with the class ruling.

(4) The information described in sections 4.03(5), 4.03(6), and sections 4.03(12) through (14), as applicable depending on the plans within the class, of this revenue procedure, except that the numerical results requested in sections 4.03(12) through (14) of this revenue procedure should be illustrative examples rather than actual numerical results.

.05 If the change in funding method is approved, a class ruling will be issued to the insurance company, consulting firm, business organization, or software vendor on whose behalf the ruling is requested. The change in funding method will apply to a plan within the class if the plan sponsor or plan administrator consents to the change. In such a case, the instructions to Schedule SB or Schedule MB, as applicable, and Schedule R (Retirement Plan Information) of Form 5500 should be followed in reporting the change for the plan. However, the plan administrator or plan sponsor of any plan need not agree to the change in funding method, and, if neither the plan administrator nor plan sponsor of a plan agree to the change in funding method, then the change in funding method approved in the class ruling will not be applied for the plan.

.06 If a request for a class ruling is approved, at least 30 of the plans covered by the ruling must make the approved change in funding method in order for the class ruling to become effective. If the change in funding method is not made for at least 30 of the plans covered by the ruling, then the class ruling is not effective with respect to any plan, and the change may not be made for any plan unless the change is approved by the IRS separately for that plan.

.07 The IRS may, in its discretion, limit the period for which a class ruling will be effective, impose conditions on the use of the class ruling, or decline to issue a class ruling.

SECTION 6. REQUESTING APPROVAL FOR REVOCATION OF AN INTEREST RATE ELECTION

.01 A plan sponsor (or the authorized representative of the plan sponsor) of a plan subject to § 430 that is requesting approval for a revocation of an interest rate election must make a written request for that approval that satisfies all the requirements of Rev. Proc. 2017-4 (or its successor). Attention is called to sections 6.02(10) through (14) of Rev. Proc. 2017-4 (or the corresponding portions of its successor) concerning signatures,

authorized representatives (such as attorneys and enrolled actuaries), a power of attorney and declaration of representative, and a penalties of perjury statement. However, a statement of proposed deletions pursuant to § 6110(c) is not required to be furnished. All signatures must be accompanied by the typed name and title (if applicable) of the signer. Refer to Appendix A of this revenue procedure for a checklist of the information that must be included with the request for approval. However, items 8 and 11 of the checklist are not applicable to a request for approval of a revocation of an interest rate election. Any information requested that is unduly burdensome to furnish need not be included, but the request for approval must include a statement indicating why this material is not being furnished.

.02 The rules of sections 4.02, 4.03, and 4.06 through 4.08 of this revenue procedure apply to a request to revoke an interest rate election. For purposes of those rules, the revocation of an interest rate election is treated as change in funding method.

SECTION 7. EFFECT ON OTHER DOCUMENTS

01 Rev. Proc. 2000-41, 2000-2 C.B. 371, is superseded.

.02 Rev. Proc. 2017-4 is modified by substituting references to this revenue procedure for references to Rev. Proc. 2000-41.

SECTION 8. EFFECTIVE DATE

This revenue procedure is effective for requests for a change in funding method submitted on or after January 1, 2018. However, taxpayers may elect to apply it for earlier requests.

SECTION 9. PAPERWORK REDUCTION ACT

The collection of information contained in sections 4 and 5 of this revenue procedure has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. § 3507) under control number 1545-1704. The collection of information contained in section 6 of this revenue procedure has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act under control number 1545-1520.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number.

The collection of information in this revenue procedure is in sections 4, 5, and 6. This information is required to evaluate and process the request for approval of a change in funding method or the revocation of an interest rate election. The collection of information is required to obtain approval for a change in funding method or the revocation of an interest rate of election. The likely respondents are businesses or other

for-profit institutions, nonprofit institutions, and small businesses and organizations.

The estimated total annual reporting burden is 126 hours.

The estimated annual burden per respondent varies from 12 to 24 hours, depending on individual circumstances, with an estimated average burden of 18 hours. The estimated number of respondents and/or recordkeepers is 7.

The estimated annual frequency of responses is 1.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. § 6103.

SECTION 10. DRAFTING INFORMATION

The principal author of this revenue procedure is Thomas C. Morgan, Office of the Associate Chief Counsel (Tax Exempt and Government Entities). For further information regarding this revenue procedure, contact Mr. Morgan at (202) 317-6700 or Carolyn E. Zimmerman of the Employee Plans, Tax Exempt and Government Entities Division at (412) 404-9755.

Appendix A

CHANGE IN FUNDING METHOD REQUEST CHECKLIST

Instructions

The IRS will be able to respond more quickly to your change in funding method request if it is carefully prepared and complete. To ensure your request is complete, use this checklist. Answer each question in the checklist by inserting Y for yes, N for no, or N/A for not applicable, as appropriate, in the blank next to the item. **Sign and date the checklist (as taxpayer or authorized representative) and place it on top of your request.**

You must submit a completed copy of this checklist with your request. If a completed checklist is not submitted with your request, substantive consideration of your submission will be deferred until a completed checklist is received. However, this checklist need not be submitted if the request involves a class ruling described in section 5 of this revenue procedure, and certain items on the checklist are not applicable to a request for approval of a revocation of an interest rate election under section 6 of this revenue procedure, as specified therein.

_____	1.	If you want to designate an authorized representative or a third party contact, have you included a properly executed Form 2848 (Power of Attorney and Declaration of Representative) or Third Party Contact Authorization Form?
_____	2.	Have you satisfied all the requirements of Rev. Proc. 2017-4 or its successor? (See sections 2.05, 4.01 and 6.01 of this revenue procedure)
_____	3	Have you included the employer identification number, the plan name and number, and the name, address, and phone number of the plan administrator or plan sponsor? (See section 4.03(1) of this revenue procedure)
_____	4.	Have you included a statement of the plan year first affected by the proposed change? (See section 4.03(2) of this revenue procedure)
_____	5.	Have you included a copy of the actuarial valuation report for the plan year preceding the year of change, and, if available, a draft of the actuarial valuation report for the year of change? (See section 4.03(3) of this revenue procedure)
_____	6.	Have you included a copy of the last Schedule SB or Schedule MB, as applicable, of Form 5500, including attachments thereto for all plans for which information is requested? (See section 4.03(4) of this revenue procedure)
_____	7.	Have you included a complete description of the current and proposed funding methods, including asset valuation methods? (See section 4.03(5) of this revenue procedure)
_____	8.	Have you included a brief statement of the reason for the proposed change and a statement why automatic approval under Rev. Proc. 2000-40 or Rev. Proc. 2017-56, as applicable, cannot be used to make the

		change? (See section 4.03(6) of this revenue procedure)
_____	9.	Have you included a statement of whether a change in funding method was made or requested for any of the 5 plan years preceding the year of change? (See section 4.03(7) of this revenue procedure)
_____	10.	Have you included a statement of whether a waiver of the minimum funding standard was requested for any of the 5 plan years preceding the year of change? (See section 4.03(8) of this revenue procedure)
_____	11.	Have you included a statement of whether an extension of any amortization period is currently in effect or whether an amortization extension was requested for any of the 5 plan years preceding the year of change? (See section 4.03(9) of this revenue procedure)
_____	12.	Have you included a statement of other changes being made for the year of change, such as a change in plan year or change in actuarial assumptions? (See section 4.03(10) of this revenue procedure)
_____	13.	Have you included a worksheet prepared by the enrolled actuary for the plan containing the required information both with and without regard to changes and separately identifying the effect of the change in funding method if there are other changes that have an impact on the funding requirement being made for the plan year? (For a single-employer plan subject to § 430, see section 4.03(12) of this revenue procedure. For a single-employer plan not subject to § 430, see section 4.03(13) of this revenue procedure. For a multiemployer plan, see section 4.03(14) of this revenue procedure.)
_____	14.	If this is a multiemployer plan, have you included the projections and certification for multiemployer plans in endangered status or critical status (including critical and declining status) under § 432 for the year of change? (See section 4.03(14)(E) of this revenue procedure)
_____	15.	If this is a multiemployer plan, have you included the information for multiemployer plans with applications pending or approved for benefit suspensions? (See section 4.03(14)(F) of this revenue procedure)
_____	16.	In the case of a change in funding method involving a merger, have you included information for each of the merged plans and for the ongoing plans? (See section 4.04 of this revenue procedure)
_____	17.	In the case of a change in funding method involving a spin-off, have you included information for the original plan and each of the spun-off plans? (See section 4.05 of this revenue procedure)

Signature

Date

Title or Authority

Typed or printed name of person signing checklist
