

**Internal Revenue Service**

Number: **201537026**

Release Date: 9/11/2015

Index Number: 412.06-00

Department of the Treasury

Washington, DC 20224

Third Party Communication: None

Date of Communication: Not Applicable

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:TEGE:EB:QP2

PLR-T-103418-15

In re:

Date:

June 10, 2015

Company =  
Plan =

Dear :

This letter constitutes notice that the waiver of the required minimum funding contribution for the Plan for the plan year ending December 31, 2014 ("Plan Year") is approved subject to the conditions listed below. This waiver is for the required minimum contributions for the Plan Year; all waiver amortization payments representing this waiver still must be paid as stated in section 412(c)(1)(C) of the Code. This waiver is conditioned on the Company's satisfaction of all of the following conditions:

1. Starting with the quarterly contributions due on July 15, 2015, the Company satisfies the required installments in a timely fashion for the Plan, until the waiver amortization base for the Plan Year for the Plan has been fully amortized. For this purpose, the total amount of each quarterly contribution will be determined in accordance with section 430(j)(3)(D) and section 430(j)(3)(E) of the Code, and can be comprised of several installments made prior to the respective due date of the quarterly contribution;

2. No contributions made to the Plan for the Plan Year are added to the prefunding balance of the Plan;
3. Under section 412(c)(7) of the Code, the Company is restricted from amending the Plan to increase benefits and/or Plan liabilities while any portion of the waived funding deficiency remains unamortized, except to any extent otherwise permitted under Code Section 412(c)(7)(B);
4. The Company makes timely contributions to the Plan in an amount sufficient to meet the minimum funding requirements for the Plan for the plan years ending December 31, 2015 through 2019, by September 15, 2016 through 2020, respectively; and
5. The Company provides proof of payment of all contributions described above within five (5) business after each payment thereof, to the Service using the fax number or address below:

IRS--EP Classification  
Mr. Chris Huxtable  
400 North 8<sup>th</sup> Street, Room 480  
Richmond, VA 23219  
FAX: 804-916-8222

This waiver is granted in accordance with section 412(c) of the Code and section 303 of the Employee Retirement Income Security Act of 1974 ("ERISA").

Section 412(c)(1) of the Code provides generally that if an employer is unable to satisfy the minimum funding standard for a plan year without temporary substantial business hardship and application of the standard would be adverse to the interests of plan participants in the aggregate, the minimum funding standard requirements may be waived for the year with respect to all or any portion of the minimum funding standard.

Section 412(c)(2) of the Code provides that the factors taken into account in determining a temporary substantial business hardship include whether or not the employer is operating at an economic loss, there is substantial unemployment or underemployment in the trade or business and in the industry concerned, the sales and profits of the industry concerned are depressed or declining, and it is reasonable to expect that the plan will be continued only if the waiver is granted.

The Company is a privately owned consumer products company. The Company represents that it has recently suffered a temporary substantial business hardship due to management missteps that diminished the appeal of its product's designs and marketing initiatives. The Company represents that it has also experienced a loss of differentiation between its four major brands as a result of a major acquisition in 2011.

The Company represents that it has implemented a series of actions to stabilize it in the near term and strengthen it in the long term. This includes hiring new leadership, subleasing excess office space, expanding the frequency of new product offerings and catalogue distributions as well as re-establishing its four distinctive brand identities, discontinuing its practice of excessive price discounting, and suspension of non-qualified retiree benefits for former top salaried employees. The Company believes, and its financial projections illustrate, that its cash flow will improve adequately to satisfy the Plan's funding obligation in the near future.

Based on the facts as represented by the Company, the legal standard for a temporary substantial business hardship under section 412(c) of the Code has been met.

Section 412(c)(7) of the Code and section 302(c)(7) of ERISA describe the consequences that result in the event the Plan is amended to increase benefits, change the rate in the accrual of benefits or change the rate of vesting, while any portion of the waived funding deficiency remains unamortized. Any amendment to a profit sharing plan or any other retirement plan (covering employees covered by the Plan) maintained by the Company, to increase, or any action by the Company or its authorized agents or designees (such as a Board of Directors or Board of Trustees) that has the effect of increasing the liabilities of those plans is considered an amendment for purposes of section 412(c) of the Code and section 302(c)(7) of ERISA. Similarly, the establishment of a new profit sharing plan or any other retirement plan by the Company (covering employees covered by the Plan) is considered an amendment for purposes of section 412(c)(7) of the Code and section 302(c)(7) of ERISA.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

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

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Sincerely,

---

William B. Hulteng  
Acting Branch Chief, Qualified Plans Branch 1  
(Employee Benefits)  
(Tax Exempt & Government Entities)

cc:

bcc: EP Classification  
TE/GE HQ