



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

201812010

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEC 20 2017

T: EP: RA: A2

RE: Change in Actuarial Assumptions

Taxpayer =

Plan = (the "Plan")

EIN: - / PN:

Dear :

This letter constitutes notice that conditional approval has been granted for the change in assumptions as described below. The approval applies for the plan year beginning January 1, 20 . This approval 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. Approval is conditioned on gains and losses being measured annually, by decrement, to assure the accuracy of each Plan assumption.

In granting this approval, we have considered only the acceptability of the proposed assumptions and, as necessary, the methodology by which they were determined. We are not expressing any opinion as to the accuracy or acceptability of any calculation or other material submitted with your request.

Section 430(h)(5) of the Code provides that, subject to certain limits, no actuarial assumption (other than interest rates and mortality assumptions) used to determine the funding target may be changed without approval from the Secretary. According to information submitted with the request, implementing the proposed changes in assumptions exceeds the limits provided in section 430(h)(5)(B)(ii) of the Code. Therefore, the Taxpayer is requesting approval before these proposed changes in assumptions are implemented.

The Taxpayer represents that participants over the last several years are retiring later than expected, consistent with trends observed in the broader U.S. workforce. The Taxpayer has also observed that many cash balance participants are electing to keep their money in the Plan longer following termination of employment. The Taxpayer has proposed revised assumptions to better follow the actual experience of the Plan. The proposed revisions are based on an experience study period spanning 20

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through 20 . A lump-sum window was offered in 20 to terminated-vested participants of the Plan who had not yet commenced benefit receipt of their benefits and were otherwise ineligible to receive a lump-sum payment. The Taxpayer has represented that no participants in payment status were offered lump sums.

This approval applies to the following changes in assumptions:

1. Rates of Retirement – Final Average Pay Participants
2. Rates of Retirement – Cash Balance Participants
3. Rates of Termination – Final Average Pay Participants
4. Rates of Termination – Cash Balance Participants
5. Benefit Commencement Age for Final Average Pay – Active participants who are not retirement eligible and may terminate in the future & terminated vested participants¹
6. Benefit Commencement Age for Cash Balance Plan Active Participants²
7. Benefit Commencement Age for Cash Balance Plan Term Vested Participants (Termed in the Last Year)³
8. Benefit Commencement Age for Cash Balance Plan Term Vested Participants (Termed Over 1 Year Ago)⁴
9. Benefit Form for Final Average Pay Participants (Other Than Retirement)

You verified in writing on March 22, 20 , that each assumption contained in this ruling is the actual assumption of which you seek approval.

Revised Rates of Retirement Final Average Pay Participants	
Age	Assumption
<55	%
55	%
56	%
57	%
58	%
59	%
60	%
61	%
62	%
63	%
64	%
65	%

¹ This assumption applies to future terminated vested participants who decrement from active status as well as current terminated vested participants as of the valuation date.

² This assumption relates to when the lump sum is paid to cash balance participants.

³ Ibid.

⁴ Ibid.

Revised Rates of Retirement
Final Average Pay Participants

<u>Age</u>	<u>Assumption</u>
66	%
67	%
68	%
69	%
>69	%

Revised Rates of Retirement
Cash Balance Participants

<u>Age</u>	<u>Assumption</u>
<55	%
55	%
56	%
57	%
58	%
59	%
60	%
61	%
62	%
63	%
64	%
65	%
66	%
67	%
68	%
69	%
>69	%

Revised Rates of Termination
Final Average Pay Participants

<u>Age</u>	<u>Assumption</u>
20	%
21	%
22	%
23	%
24	%
25	%
26	%
27	%
28	%
29	%
30	%
31	%
32	%
33	%
34	%
35	%
36	%
37	%
38	%
39	%
40	%
41	%
42	%
43	%
44	%
45	%
46	%
47	%
48	%
49	%
50	%
51	%
52	%
53	%
54	%
55	%
56	%
57	%
58	%
59	%
60	%
61	%

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Revised Rates of Termination
Final Average Pay Participants

Age	Assumption
62	%
63	%
64	%
>64	%

Revised Rates of Termination
Cash Balance Participants

Age	q[x]+0	q[x]+1	q[x]+2	q[x]+3	q[x]+4
20	%	%	%	%	%
21	%	%	%	%	%
22	%	%	%	%	%
23	%	%	%	%	%
24	%	%	%	%	%
25	%	%	%	%	%
26	%	%	%	%	%
27	%	%	%	%	%
28	%	%	%	%	%
29	%	%	%	%	%
30	%	%	%	%	%
31	%	%	%	%	%
32	%	%	%	%	%
33	%	%	%	%	%
34	%	%	%	%	%
35	%	%	%	%	%
36	%	%	%	%	%
37	%	%	%	%	%
38	%	%	%	%	%
39	%	%	%	%	%
40	%	%	%	%	%
41	%	%	%	%	%
42	%	%	%	%	%
43	%	%	%	%	%
44	%	%	%	%	%
45	%	%	%	%	%
46	%	%	%	%	%
47	%	%	%	%	%
48	%	%	%	%	%
49	%	%	%	%	%
50	%	%	%	%	%
51	%	%	%	%	%
52	%	%	%	%	%
53	%	%	%	%	%

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Revised Rates of Termination
Cash Balance Participants

Age	q[x]+0	q[x]+1	q[x]+2	q[x]+3	q[x]+4
54	%	%	%	%	%
55	%	%	%	%	%
56	%	%	%	%	%
57	%	%	%	%	%
58	%	%	%	%	%
59	%	%	%	%	%
60	%	%	%	%	%
61	%	%	%	%	%
62	%	%	%	%	%
63	%	%	%	%	%
64	%	%	%	%	%
65	%	%	%	%	%
66	%	%	%	%	%
67	%	%	%	%	%
68	%	%	%	%	%
69	%	%	%	%	%
>69	%	%	%	%	%

Benefit Commencement Age for Final Average Pay – Active participants who are not retirement eligible and may terminate in the future, and terminated vested participants

		Revised Assumption
<u>% Electing</u>		
Pre-January 1, 19	Participants	Age 60
Post-January 1, 19	Participants with 20 or more years of service	Age 64
Post January 1, 19	Participants with less than 20 years of service	Age 65

Benefit Commencement Age for Cash Balance Plan Active Participants

		Revised Assumption
<u>% Who Terminate and Elect</u>		
Immediate Lump Sum upon Termination		%
Lump Sum at Age 64 and older		%

Benefit Commencement Age for Cash Balance Plan Terminated Vested Participants (Terminated in the last year)

		Proposed Assumption
<u>% Electing</u>		
Immediate Lump Sum		%
Lump Sum at Age 64		%
Lump Sum at Age 65		%

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Benefit Commencement Age for Cash Balance Plan Terminated Vested Participants
(Terminated over 1 year ago)

<u>% Electing</u>	<u>Proposed Assumption</u>
Lump Sum at Age 64	%
Lump Sum at Age 65	%

Benefit Form for Final Average Pay Participants (Other Than Retirement)

<u>% Electing</u>	<u>Proposed Assumption</u>
Lump Sum	%
Life Annuity	%
% Joint and Survivor Annuity	%

An amended Schedule SB (Actuarial Information) of Form 5500 must be filed for the plan year beginning January 1, 2018 reflecting that a change in non-prescribed assumptions as been made for the plan year. When filing the amended Schedule SB 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 ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited by others as precedent.

This ruling is intended to solely address the issues specifically described above. For any issue not specifically addressed in this ruling, the Plan must satisfy any and all applicable sections of the Code and/or regulations as in effect for the relevant plan year(s).

A copy of this letter is being sent to your authorized representatives pursuant to a power of attorney (Form 2848) currently on file in this office, the Manager of EP Compliance, and the Manager of EP Classification.

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

Sincerely yours,

David M. Ziegler, Manager
Employee Plans Actuarial Group 2

Cc:

Manager, EP Compliance
Manager, EP Classification