



Significant index No. 0430.00-00

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

201904022

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

OCT 30 2018

T: EP: RA, A2

Re: Substitute Mortality Table Ruling

Taxpayer =

Plan R =

(EIN: , Plan No.)

Other plans in controlled group:

Plan S =

(EIN: , Plan No.)

Plan X =

(EIN: , Plan No.)

Plan W =

(EIN: , Plan No.)

Plan P =

(EIN: , Plan No.)

Dear :

This letter is to inform you that your request to use substitute mortality tables for making computations under section 430 of the Internal Revenue Code (the "Code") for Plan R has been granted with respect to the populations specified in this letter, subject to the conditions below, effective for a period of 10 plan years beginning with the plan year commencing January 1, 20 . Your request has been granted in accordance with section 430(h)(3) of the Code and section 303(h)(3) of the Employee Retirement Income Security Act of 1974.

Specifically, this approval applies to the following populations:

- Plan R – Male participants (annuitants and nonannuitants), including disabled participants
- Plan R – Female participants (annuitants and nonannuitants) including disabled participants

Based on the information provided by the Taxpayer, the following populations do not have credible mortality experience, and therefore the standard mortality tables will be used for calculations under section 430 of the Code:

- Plan P – all participants

The Taxpayer is also requesting approval for substitute mortality tables for Plans S, X, and W, which will be addressed in separate ruling letters.

In granting this approval, we have only considered whether the substitute mortality rates were developed correctly in accordance with section 1.430(h)(3)-2 of the Treasury Regulations ("Regulations") and Revenue Procedure 2017-55. Accordingly, we are not expressing any opinion as to the accuracy or acceptability of any calculations or other material submitted with your request.

Permission is hereby granted to use the substitute mortality rates shown in the table below for Plan R:

Substitute Mortality Tables

Approved for use beginning with the plan year commencing January 1,
Base year

Age	Male Annuitants and Nonannuitants	Female Annuitants and Nonannuitants
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Age	Male Annuitants and Nonannuitants	Female Annuitants and Nonannuitants
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Age	Male Annuitants and Nonannuitants	Female Annuitants and Nonannuitants
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Age	Male Annuitants and Nonannuitants	Female Annuitants and Nonannuitants
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The above rates were developed based on an experience study period from January 1, 2013 through December 31, 2016, with a base year of 2014. The rates were calculated by adjusting the applicable standard mortality tables in section 1.430(h)(3)-1(d) of the Regulations indicated in the table below, using the mortality ratio and credibility weighting factor determined by aggregating male and female experience, as shown in the table below.

Population	Standard base mortality table	Mortality ratio	Credibility factor
Male Participants	Male combined annuitant/ nonannuitant mortality		
Female Participants	Female combined annuitant/ nonannuitant mortality		

The Internal Revenue Service has reviewed the substitute mortality rates and supporting information, and has determined that based on the information submitted, the rates were correctly developed in accordance with section 1.430(h)(3)-2 of the Regulations and Revenue Procedure 2017-55.

The above rates must be applied on a generational basis, as provided in section 1.430(h)(3)-2(c)(3) of the Regulations.

Your attention is called to section 430(h)(3)(C)(ii) of the Code and section 1.430(h)(3)-2(d)(6) of the Regulations, which describe the circumstances in which the use of the substitute mortality table will terminate before the end of the 10-year period described above. In general, the substitute mortality tables can no longer be used as of the earliest of:

- (1) For a plan using a substitute mortality table for only one gender, the first plan year for which there is full or partial credible mortality information with respect to the other gender that had lacked credible mortality information (unless an approved substitute mortality table is used for that gender),

- (2) The first plan year in which the plan fails to satisfy the requirements of paragraph 1.430(h)(3)-2(c)(1) of the Regulations, regarding the requirement that other plans and populations in the controlled group must also use substitute mortality tables unless it can be demonstrated that they do not have credible mortality information (taking into account the transition period for newly affiliated companies in section 1.430(h)(3)-2(f)(3) of the Regulations),
- (3) The second plan year following the plan year for which there is a significant change in individuals covered by the plan as described in section 1.430(h)(3)-2(c)(6)(iii) of the Regulations,
- (4) The plan year following the plan year in which a substitute mortality table used for a plan population is no longer accurately predictive of future mortality of that population, as determined by the Commissioner or as certified by the Plan's actuary to the satisfaction of the Commissioner, or
- (5) The date specified in guidance published in the Internal Revenue Bulletin pursuant to a replacement of mortality tables specified under section 430(h)(3)(A) of the Code and 1.430(h)(3)-1 of the Regulations, other than annual updates to the static mortality tables issued pursuant to 1.430(h)(3)-1(a)(3) of the regulations or changes to the mortality improvement rates pursuant to section 1.430(h)(3)-1(a)(2)(i)(C) of the Regulations.

In particular, since the number of individuals in the population is already less than 80% of the number of the average number of individuals reflected in the experience study used to construct the substitute mortality tables and therefore has experienced a significant change as described in paragraph 3 above, Plan R's actuary will be required to certify in writing that the substitute mortality tables used for Plan R continue to be accurately predictive of the future mortality of that plan. This certification is required each year, as long as either:

- (1) The number of individuals in the population is less than 80 percent or more than 120 percent of the average number of individuals included in the experience study (see section 1.430(h)(3)-2(c)(6)(iii)(A) of the Regulations), and/or
- (2) The number of individuals covered by the substitute mortality table for the plan year is less than 80 percent or more than 120 percent of the number of individual covered by the substitute mortality table in a plan year for which a certification described in the previous paragraph was made (see section 1.430(h)(3)-2(c)(6)(iii)(B) of the Regulations).

Therefore, in order to continue using the substitute mortality tables for making computations under section 430(h) of the Code, the following information must be provided by October 15 after the end of each plan year that the above conditions apply,

in addition to any other information required under section 1.430(h)(3)-2 of the Regulations:

- (1) The number of actual deaths during the experience study period used to develop the substitute mortality tables and the beginning and ending dates of the experience study period.
- (2) A table showing the number of expected deaths and actual deaths, reported separately for each year beginning with deaths during 2018 through the year preceding the most recent actuarial valuation, and in total.
- (3) A table similar to the stability demonstration required under section 8 of Revenue Procedure 2017-55, showing the average number of participants in the population included in the experience study and the number of participants in the population as of the end of each plan year (aggregated for male and female participants, annuitants and nonannuitants), beginning with December 31, 2018, through the date immediately preceding the most recent actuarial valuation, expressed both as a headcount and as a percentage of the average number of participants in the experience study.
- (4) A table showing a comparison of (i) the average ages and (ii) percentage of the population as of the end of the year immediately preceding the most recent actuarial valuation and the population included in the experience study. The table should show this comparison by the following monthly single life annuity brackets: under \$100, between \$100 and \$250, between \$250 to \$500, between \$500 to \$1,000, between \$1,000 and \$1,500, and \$1,500 and over. The table should also show the average age and average benefit amount for the group in total, for both the experience study data and at the end of the plan year immediately preceding the most recent actuarial valuation date.
- (5) An explanation of any material changes in the population and a certification by the enrolled actuary for the Plan as to whether the substitute mortality table is accurately predictive, along with any additional demographic or other information to substantiate this claim.
- (6) A certification, signed by the enrolled actuary, stating that:
 - a. The enrolled actuary is current with educational requirements set forth by the Joint Board for the Enrollment of Actuaries, as well as any other actuarial designations asserted;
 - b. The enrolled actuary was personally involved in the determination that the substitute mortality table is still accurately predictive and provides the actuary's best estimate for the plan;
 - c. In determining that the substitute mortality table is still his or her best estimate, the enrolled actuary took into consideration the effect of business

combinations, plan mergers or spinoffs and settlements/other risk transfers, and other events that would have similar effects on the relevant populations; and

- d. The enrolled actuary has the specific knowledge and experience to make the judgements set forth above and attests to these representations.

This information must be provided to David M. Ziegler (or to another individual designated by the Service), by FAX at (202) 317-8811, or to the following address:

INTERNAL REVENUE SERVICE
ATTN: Mr. David M. Ziegler
TE/GE: SE:T:EP:RA:T:A2
NCA-629
1111 Constitution Ave. NW
Washington DC 20224-0002

Failure to provide the required information by the due date will mean that the standard mortality tables must be used for purposes of section 430 of the Code, beginning with the plan year following the year during which the deadline for providing this information is missed.

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.

When filing Form 5500 for the plan years for which the substitute mortality tables are used, please note the information that is required to be attached to Schedule SB (Actuarial Information) in accordance with the instructions to that form.

We have sent a copy of this letter to your authorized representatives pursuant to a power of attorney on file in this office and to the Manager, EP Classification in Columbus, Ohio and to the Manager, EP Compliance Unit in Chicago, Illinois.

If you require further assistance in this matter, please contact
(ID#) at

Sincerely,

David M. Ziegler, Manager
Employee Plans Actuarial Group 2

cc: