



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

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

202233020

MAY 25 2022

Re: Substitute Mortality Table Ruling

Taxpayer =

EIN: -

Plans for which substitute mortality tables are requested:

Plan 1 =

EIN: - (Plan No. )

*Formerly:*

*EIN: - (Plan No. )*

Plan 2 =

EIN: - (Plan No. )

Plan 3 =

EIN: - (Plan No. )

Other relevant information:

Merging Plan =

EIN: (Plan No. )

Merger Date =

Plan Sponsor 1 =

EIN: -

Plan Sponsor 2 =

EIN: -

Plan Sponsor 3 =

EIN: -

Dear

This letter is response Taxpayer's request dated December 15, 2021, along with supplemental information provided by Taxpayer's authorized representatives via telephone on March 2, 2022.

The following facts and representations have been submitted under penalties of perjury in support of the ruling requested.

Plan 1 became part of Taxpayer's controlled group in 20 . . . However, under the original submission for the ruling issued on November 20, 2018, Plan 1 was not disclosed as a part of Taxpayer's controlled group. The existence of Plan 1 was unknown to Taxpayer's corporate finance staff at that time, and therefore, was omitted from the original submission. As such, this potentially invalidated the ruling issued on November 20, 2018.

Upon discovering the material omission of Plan 1 from the facts of the case on which a ruling was issued on November 20, 2018, Taxpayer submitted a ruling request asking for permission to continue to use the substitute mortality tables for Plan 1, Plan 2, and Plan 3. In that submission, Taxpayer stated that Merging Plan was going to merge into Plan 1 and would be renamed on Merger Date. An approval for Plan 1, Plan 2, and Plan 3 to continue to rely on the substitute mortality tables that were approved on November 20, 2018 was granted on July 22, 2021.

On November 22, 20 Taxpayer decided to change the plan sponsor of Plan 1 (from Plan Sponsor 2 to Plan Sponsor 3). Upon the change in sponsorship of Plan 1 (from Plan Sponsor 2 to Plan Sponsor 3), Plan 1 changed its employer identification number and plan number (shown above). There was no change in plan sponsor for Plan 2 or Plan 3 and all three plans (Plan 1, Plan 2, and Plan 3) remain in the controlled group of Taxpayer. The rationale for the intra-controlled group Plan 1 sponsorship change (from Plan Sponsor 2 to Plan Sponsor 3) is described below:

- In connection with bankruptcy proceedings of Plan Sponsor 1 in early 20 a determination was made, based on facts and circumstances at that time, that Plan Sponsor 2 was an acceptable controlled group member to assume sponsorship of Plan 1. Part of the rationale for that determination centered on Taxpayer's existing credit facility, of which Plan Sponsor 2 is a borrower, being a potential funding source of Plan 1, if needed.
- When the previous plan merger of Merging Plan merging into Plan 1 occurred on Merger Date, Plan Sponsor 2 remained the plan sponsor of surviving Plan 1, essentially by default.
- After further review in 20 Taxpayer determined that Plan 1 sponsorship should have been transferred to Plan Sponsor 3 with the plan merger of Merging Plan merging into Plan 1 on Merger Date.
- In particular, Taxpayer determined that transferring Plan 1 sponsorship would help Taxpayer to mitigate various legal, tax, accounting, and human resource



administrative burdens, while also increasing efficiencies. Plan Sponsor 3 had been the plan sponsor of Merging Plan in the previous plan merger of Merging Plan merging into Plan 1 on Merger Date for over years and had more established and efficient processes for carrying out its plan sponsorship role. Taxpayer also determined that Plan Sponsor 3, as Plan 1's sponsor, could access Taxpayer's credit facility as a funding source, if needed

- Based on this review and analysis, Plan 1's sponsorship was transferred from Plan Sponsor 2 to Plan Sponsor 3.

With respect to the substantive data and information underlying the substitute mortality tables rulings dated November 20, 2018 and July 22, 2021, the above-described change in Plan 1 sponsorship (from Plan Sponsor 2 to Plan Sponsor 3) has no impact. The plan populations, experience study, and actuarial certifications underlying the substitute mortality table rulings dated November 20, 2018 and July 22, 2021 remain unchanged by the fact that sponsorship of Plan 1 (from Plan Sponsor 1 to Plan Sponsor 3) was transferred.

Based on the above facts and representations, Taxpayer requests a ruling to continue to use the substitute mortality tables originally approved on November 20, 2018, and further approved for continued use for the remainder of the originally approved period on July 22, 2021, for making computations under section 430 of the Internal Revenue Code ("Code"). This ruling is effective for a period of up to 5 plan year beginning with the plan year commencing January 1, 20

This request to continue to use the substitute mortality tables approved on November 20, 2018, which were further approved for continued use for the remainder of the 5-year period on July 22, 2021, stems solely from the change in plan sponsor for Plan 1 (from Plan Sponsor 2 to Plan Sponsor 3), noted above.

This request is made in accordance with section 430(h)(3)(C) of the Code, section 303(h)(3) of the Employee Retirement Income Security Act of 1974, section 1.430(h)(3)-2 of the Treasury Regulations ("Regulations"), and Revenue Procedure 2017-55.

Section 430(h)(3)(A) of the Code states, in relevant part, that the Secretary shall by regulation prescribe mortality tables to be used in determining any present value of making any computation under section 430 of the Code.

Section 430(h)(3)(C) of the Code states, in relevant part, that upon request by the plan sponsor and approval by the Secretary, a mortality table shall be used in determining any present value or making any computation under section 430 of the Code during the period of consecutive plan years (not to exceed 10) specified in the request.

Additionally, a substitute mortality table shall cease to be in effect as of the earliest of:

- the date on which there is a significant change in the participants in the plan by reason of a plan spinoff or merger or otherwise, or



- the date on which the plan actuary determines that such substitute mortality table does not meet the following requirements:
  - there is a sufficient number of plan participants, and the pension plans have been maintained for a sufficient period of time, to have credible information necessary, and
  - such substitute mortality table reflects the actual experience of the pension plans maintained by the sponsor and projected trends in general mortality experience.

Section 1.430(h)(3)-2(c)(3) of the Regulations states, in relevant part, that the base year for the base substitute mortality table is the calendar year that contains the day before the midpoint of the experience study period. Additionally, a plan's substitute mortality tables must be generational mortality tables.

Section 1.430(h)(3)-2(c)(6) of the Regulations states, in relevant part, that a plan's substitute mortality tables must not be used beginning with the earliest of:

- 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),
- The first plan year in which the plan fails to satisfy 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),
- The second plan year following the plan year for which there is a significant change in individuals covered by the plan (described below),
  - A significant change in the individuals covered by a substitute mortality table for a plan year occurs if the number of individuals covered by the substitute mortality table for the plan year is less than 80% or more than 120% of either the average number of individuals in that population over the years covered by the experience study on which the substitute mortality tables are based, or the number of individuals covered by the substitute mortality table in a plan year for which a certification (described below) was made on account of a prior change in coverage.
    - A change in coverage is not treated as significant if the plan's actuary certifies in writing to the satisfaction of the Commissioner that the substitute mortality tables used for the population continue to be accurately predictive of future mortality of that population (taking into account the effect of the change in the population).
- 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
- 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 section 1.430(h)(3)-1 of the Regulations, other than annual updates to the static mortality tables issued pursuant to section 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.

Section 1.430(h)(3)-2(d)(2) of the Regulations states, in relevant part, that the experience study period must consist of 2, 3, 4, or 5 consecutive 12-month periods, and must be the same period for all populations. The last day of the experience study period must be less than 3 years before the first day of the first plan year for which the substitute mortality tables are to apply.

Section 1.430(h)(3)-2(d)(4) of the Regulations states, in relevant part, that the base mortality rates are determined by multiplying the mortality rate from the standard mortality table by the mortality ratio.

Section 1.430(h)(3)-2(e)(1) of the Regulations states, in relevant part, that if the actual number of deaths is less than the full credibility threshold, then the base mortality rates are determined using a partial credibility weighting factor.

The substitute mortality tables were developed based on an experience study period from January 1, 20 through December 31, 20 with a base year of 20. This satisfies the requirements under sections 1.430(h)(3)-2(c)(3) and (d)(2) of the Regulations.

The substitute mortality tables were developed by adjusting the applicable standard mortality tables in section 1.430(h)(3)-1(d) of the Regulations, using the following mortality ratio and credibility weighting factor determined by aggregating male and female annuitant experience (including disabled annuitants). These adjustments are required under sections 1.430(h)(3)-2(d)(4) and (e)(1) of the Regulations.

	<b>Aggregated Male and Female Annuitants, Including Disabled Annuitants</b>
Mortality Ratio	
Credibility Weighting Factor	

Permission is hereby granted to continue to use the substitute mortality tables that were approved on November 20, 2018, and further approved for continued use for the remainder of the 5-year period on July 22, 2021, as shown in the table below for the Plan 1, Plan 2, and Plan 3, for male and female annuitants (including disabled annuitants). This approval is effective for a period of up to 5 plan year beginning with the plan year commencing January 1, 20

**Substitute Mortality Tables**  
Continued approval for use beginning with the plan year commencing  
January 1, 20  
Base year 20

<b>Age</b>	<b>Male Annuitants, Including Disabled Annuitants</b>	<b>Female Annuitants, Including Disabled Annuitants</b>
1		
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Age	Male Annuitants, Including Disabled Annuitants	Female Annuitants, Including Disabled Annuitants
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<b>Age</b>	<b>Male Annuitants, Including Disabled Annuitants</b>	<b>Female Annuitants, Including Disabled Annuitants</b>
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This approval applies to the following specific populations.



- Male and female annuitants, including disabled annuitants

Based on the information provided, the following population does not have credible mortality experience, and therefore, the standard mortality tables under section 430(h)(3)(A) of the Code will be used for calculations under section 430 of the Code:

- Male and female nonannuitants, including disabled nonannuitants

Your attention is called to the early termination rules under section 430(h)(3)(C) of the Code and section 1.430(h)(3)-2(c)(6) of the Regulations.

We also draw your attention to the fact that the aggregated male and female nonannuitants (including disabled nonannuitants) experienced deaths during the experience study period. Note that this population will have credible mortality experience if it experiences at least deaths during a 5-year period (corresponding to the length of the experience study used to construct the substitute mortality tables for the male and female annuitant population). It is important to monitor the aggregated male and female nonannuitant population (including disabled nonannuitants) to ensure that appropriate action is taken should this occur, to avoid violating the early termination rules under section 1.430(h)(3)-2(c)(6) of the Regulations.

For purposes of a significant change in coverage under section 1.430(h)(3)-2(c)(6) of the Regulations, the average number of aggregated male and female annuitants (including disabled annuitants) over the years covered by the experience study, as well as the most recent number of aggregated male and female annuitants (including disabled annuitants) in the submission, are as follows:

	<b>Aggregated Male and Female Annuitants, Including Disabled Annuitants</b>
Average during the experience study period	
As of January 1, 20	
As of January 1, 20	

A certification must be provided each year that is required under the Regulations, as described above, to avoid the early termination rules due to a significant change in coverage under section 1.430(h)(3)-2(c)(6) of the Regulations. The certification must state that the substitute mortality tables continue to be accurately predictive of the expected future mortality for the plan. The certification must also contain a statement that:

- 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;



- 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;
- In determining that the substitute mortality table is still accurately predictive, the enrolled actuary took into consideration the effect of business combinations, plan mergers or spinoffs, settlements/other risk transfers, and other events that would have similar effects on the relevant populations; and,
- The enrolled actuary has the specific knowledge and experience to make the judgements set forth above and attests to these representations.

All certifications must be provided on or before the date Form 5500 is filed for each plan year for which the certification is required and must be accompanied by the supporting information relied upon by the enrolled actuary to make that certification. To the extent possible, please also provide the following supporting information:

- 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.
- A table showing the number of expected deaths and actual deaths, reported separately for each plan year beginning with deaths during the plan year ending December 31, 20 through the plan year immediately preceding the most recent actuarial valuation, and in total.
- A table showing the mortality gains/losses, reported separately for each plan year beginning with the plan year beginning on January 1, 20 through the plan year immediately preceding the most recent actuarial valuation.
- 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, beginning with December 31, 20 through the plan year 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.
- A table showing a comparison of (i) the average ages and (ii) percentage of the population, 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, along with the average age and average benefit amount for the population in total. This information should also be provided for the population in the experience study and at the end of each plan year, beginning with the valuation date for the first plan year that the certification is required, through the date immediately preceding the most recent actuarial valuation at the time the information is reported.
- An explanation of any material changes in the population.

This information must be provided to Mr. David M. Ziegler (or to another individual designated by the IRS), by efile at (855) 300-3321, or to the following address:



Internal Revenue Service  
Attn: Mr. David M. Ziegler  
TE/GE: SE:T:EP:RA:T:A2  
IR-6213  
1111 Constitution Ave. NW  
Washington DC 20224-0002

Failure to provide this information by the due date may result in a requirement that the standard mortality tables must be used for purposes of section 430 of the Code, beginning with the earlier of (1) the plan year for which the deadline for providing this information is missed or (2) the date required for early termination of the use of the substitute mortality tables pursuant to section 1.430(h)(3)-2(c)(6) of the Regulations.

No opinion is expressed as to the tax treatment of the transaction described herein under the provisions of any other section of either the Code or Regulations which may be applicable thereto, as appropriate.

In granting this approval, we have only considered whether the substitute mortality rates were developed in accordance with section 1.430(h)(3)-2 of the 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.

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.

Pursuant to a power of attorney on file with this office, a copy of this letter ruling is being sent to your authorized representatives.

Additionally, a copy of this letter ruling is being sent to the Manager, EP Classification in Houston, Texas and to the Manager, EP Compliance Unit in Chicago, Illinois.

If you wish to inquire about this ruling, please contact (ID Badge  
Number ) at ( ) - . Please address all correspondence to  
SE:T:EP:RA:T:A2.

Sincerely yours,

David M. Ziegler, Manager  
Employee Plans Actuarial Group 2

Enclosures

Notice 437, Notice of Intention to Disclose (Rulings)  
A deleted copy of the ruling

cc: