

## **Justification**

PPA 2006 changed the applicable interest rate and applicable mortality table assumptions used to determine the value of minimum lump sum payments in ongoing plans. Practitioners need guidance about how to apply the new assumptions to plans that terminate after the PPA 2006 changes become effective, particularly for plans that terminate in 2008–2011 and pay lump sums in a subsequent year. Technical Update 08-3 is an expansion of Technical Update 07-3, which provides guidance for plans that terminated in or before the 2007 plan year and paid lump sums after the effective date of the PPA 2006 assumptions.

Under Technical Update 08-3, the applicable interest rate is determined based on the applicable phase-in percentage in effect for the plan year in which the lump sum payment is made. For example, a plan that terminates in the 2008 plan year and pays lump sums in the 2009 plan year is to use the phase-in percentage in effect for 2009. Technical Update 08-3 also provides that the applicable mortality table is the table in effect on the termination date taking into account future adjustments on the distribution date.

There is no change in burden or cost of the information collection associated with this technical update.