Revenue Procedure 2017-55

SECTION 1. PURPOSE

.01 This revenue procedure sets forth the procedure by which the sponsor of a defined benefit plan that is subject to the funding requirements of § 430 of the Internal Revenue Code (Code) may request approval from the Internal Revenue Service (IRS) for the use of plan-specific substitute mortality tables in accordance with § 430(h)(3)(C) and § 1.430(h)(3)-2 of the Treasury Regulations.[1]

.02 This revenue procedure is an update of Rev. Proc. 2008-62, 2008-2 C.B. 935. Rev. Proc. 2008-62 was issued in conjunction with final regulations under § 430(h)(3)(C) that were published in the Federal Register on October 6, 2008 (§ 1.430(h)(3)-2, T.D. 9419, 2008-40 I.R.B. 790) ("2008 regulations"). Amendments to the 2008 regulations were published in the Federal Register on October 5, 2017 (T.D. 9826, 82 F.R. 46388) ("2017 regulations").

.03 This revenue procedure includes the following significant changes from Rev. Proc. 2008-62 to reflect the 2017 amendments to § 1.430(h)(3)-2:

(1) Section 7 (Demonstrations of Credible Mortality Information) has been expanded to require the information needed to calculate the full credibility threshold in accordance with § 1.430(h)(3)-2(d)(3), the mortality ratio in accordance with § 1.430(h)(3)-2(d)(4)(ii), and the partial credibility weighting factor in accordance with § 1.430(h)(3)-2(e)(2).

(2) Section 9 (Information Regarding Other Plans in the Plan Sponsor's Controlled Group) has been updated to reflect changes to the rules in the regulations regarding what constitutes lack of credible mortality information.

[1] Section 302 of the Employee Retirement Income Security Act of 1974, Pub. L. 93-406, as amended (ERISA) sets forth funding rules that are parallel to those in § 412 of the Code, and section 303 of ERISA sets forth additional funding rules for defined benefit plans (other than multiemployer plans) that are parallel to those in § 430 of the Code. Section 303(h)(3)(C) of ERISA requires the approval of the Secretary of Treasury for the use of substitute mortality tables, and this revenue procedure applies for that purpose.

(3) Sections 10 through 12 (which previously provided guidance regarding substitute mortality table construction) have been replaced by a new section 10 (Substitute Base Table Construction), which requests information to support the construction of base substitute mortality tables under the 2017 regulations, including base substitute mortality tables for populations with mortality experience that is only partially credible.

SECTION 2. BACKGROUND INFORMATION

.01 *Statutory background*. Section 412 sets forth minimum funding requirements for defined benefit pension plans. In accordance with § 412(a)(2)(A), § 430 specifies the minimum funding requirements for defined benefit plans other than multiemployer plans and CSEC plans. Section 430(h)(3)(A) sets forth rules regarding the use of generally applicable mortality tables for purposes of § 430, and § 430(h)(3)(B) requires the Secretary of the Treasury to make periodic revisions (at least every 10 years) to those mortality tables. Section 430(h)(3)(C) provides that the Secretary may approve plan-specific substitute mortality tables to be used for a plan for a period not to exceed 10 years in determining any present value or making any computation under § 430. Substitute mortality tables meet the requirements for approval if the pension plan has enough participants and has been maintained for a long enough period of time to have credible mortality experience, and those tables reflect the actual experience of the plan and projected trends in general mortality experience. Except as provided by the Secretary, a plan sponsor may not use substitute mortality tables for any plan unless substitute mortality tables are established and used for each plan subject to § 430 of the Code that is maintained by the plan sponsor or a member of the plan sponsor's controlled group (as defined in § 1.430(h)(3)-2(c)(1)(i)).

.02 *Bipartisan Budget Act of 2015*. Section 503 of the Bipartisan Budget Act of 2015, Pub. L. 114–74, 129 Stat. 584, which was enacted November 2, 2015, provides for changes to the rules on the use of substitute mortality tables. Under that section, "the determination of whether plans have credible information shall be made in accordance with established actuarial credibility theory, which (1) is materially different from the

rules under [section 430(h)(3)(C)], including Revenue Procedure 2007–37,[2] that are in effect on [November 2, 2015]; and (2) permits the use of tables that reflect adjustments to the tables described in [section 430(h)(3)(A) and (B)]" if those adjustments are based on the actual experience of the pension plan maintained by the plan sponsor.

.03 *Regulations*. Under both the 2008 and 2017 regulations, substitute mortality tables must reflect the actual mortality experience of the pension plan for which the tables are to be used, and that mortality experience must be credible. Separate mortality tables must be established for each gender under the plan and, in general, substitute mortality tables are permitted to be established for a gender only if the plan has credible mortality experience with respect to that gender. The 2017 regulations provide an option for determining the credibility of mortality experience using the plan's combined mortality experience for both genders (and using that combined experience to develop separate substitute mortality tables for each gender).

.04 *Credibility*. Under the 2008 regulations, a population has credible mortality experience if and only if the population experienced at least 1,000 deaths during the period covered by the experience study. The 2017 regulations permit the use of substitute mortality tables derived from mortality experience that does not have full credibility, if the population's mortality experience has partial credibility. The 2017 regulations also revise the standard for mortality experience to have full credibility. In lieu of the previous 1,000-actual-death standard, the 2017 regulations require a population-specific calculation of the full credibility standard that takes into account the dispersion of benefits within the population.

.05 *Use of mortality ratios*. Development of substitute mortality tables under both the 2008 and 2017 regulations requires creation of a base substitute mortality table ("Substitute Base Table"), with an associated base year that is used in conjunction with mortality improvement factors to construct generational mortality tables. Unlike the 2008 regulations, which generally required that a base substitute mortality table be

[2] Rev. Proc. 2007-37, 2007-1 C.B. 1433, was not in effect on November 2, 2015. It was issued in 2007 in conjunction with proposed regulations regarding substitute mortality tables (REG-143601-06, 72 FR 29456) and was replaced by Rev. Proc. 2008-62 when those regulations were finalized in 2008.

created by applying a graduation method to the raw mortality rates from the experience study, the 2017 regulations require a Substitute Base Table to be constructed in a multiple-step process based on (1) a projection of the generally applicable mortality table to the base year for the Substitute Base Table, (2) a mortality ratio calculated from the experience study for the population, and (3) in the case of a plan with partially credible mortality experience, a weighting factor based on the credibility of the plan's experience.

.06 *Controlled group consistency requirement*. Except as provided by the Secretary, a plan sponsor may not use substitute mortality tables for any plan for a plan year unless substitute mortality tables are established and used for each other plan subject to § 430 that is maintained by the plan sponsor or a member of the plan sponsor's controlled group for that plan year (or, for plans with different plan years, a portion of that plan year). Under the regulations, the use of substitute mortality tables for one plan is not prohibited merely because another plan maintained by the plan sponsor (or by a member of the plan sponsor's controlled group) may not use substitute mortality tables because neither the males nor the females under that other plan have credible mortality information for a plan year.

.07 *Treatment of disabled individuals*. If separate mortality tables are used for disabled individuals pursuant to § 430(h)(3)(D), then those individuals are disregarded for all purposes under this revenue procedure.

.08 *Treatment of multiple-employer plans*. A multiple-employer plan for which the proportion of the plan's funding target attributable to employees and former employees of the employer and members of the employer's controlled group is greater than 50 percent is treated as maintained by that employer for purposes of the controlled group consistency requirement pursuant to § 1.430(h)(3)-2(c)(7)(ii). By contrast, any other multiple-employer plan in which the employer or a member of the employer's controlled group participates is not treated as maintained by the employer for purposes of the controlled group consistency requirement and is disregarded under this revenue procedure.

SECTION 3. GENERAL ADMINISTRATIVE PROCEDURES

.01 *Compliance with regulations*. A request for approval to use substitute mortality tables for a plan that would first apply for a plan year beginning on or after January 1, 2018, must satisfy the requirements of the 2017 regulations and this revenue procedure.

.02 *Address and user fee for application*. A request for approval to use substitute mortality tables must be submitted to the address specified in Section 31.01(1) of Rev. Proc. 2017-4, 2017-1 I.R.B. 146 (or the corresponding section of its successors).

The user fee required by section 6.01(10) of Rev. Proc. 2017-4, 2017-1 I.R.B. 146 (or the corresponding section of its successors) must be sent with the request.

.03 *Necessary procedural documents*. A request will not be considered for approval unless it complies with section 3.03(1)-(4) of this revenue procedure.

(1) The request (and any subsequently provided additional information) must be signed by the plan sponsor ("applicant") or an authorized representative of the applicant who is described in section 6.02(11)(a), (b), (c), (d) or (e) of Rev. Proc. 2017-4 (or the corresponding sections of its successors). If an authorized representative signs the request or will appear before the IRS in connection with the request, a properly signed and dated Form 2848, *Power of Attorney and Declaration of Representative*, must be submitted with the request. An individual is not an authorized representative of the applicant merely because the individual is the administrator or a trustee of the plan.

(2) The request must include a declaration in the following form: "Under penalties of perjury, I declare that I have examined this request, or this modification to the request, including accompanying documents, and, to the best of my knowledge and belief, the request or the modification includes all the relevant facts relating to the request, and such facts are true, correct, and complete." This declaration must be signed by the applicant (for example, by an authorized officer of a corporate applicant), in compliance with section 6.02(14) of Rev. Proc. 2017-4 (or the corresponding section of its

successors). The signature of an individual with a power of attorney will not satisfy the requirements of this section 3.03(2).

(3) Because a request for approval to use substitute mortality tables constitutes a request for a ruling, compliance with § 6110 of the Code is required. Section 601.201 of the Statement of Procedural Rules sets forth the requirements applicable to requests for rulings and determination letters which are subject to § 6110. Section 601.201(e) provides specific instructions to applicants.

The applicant must provide with the request either a statement of proposed deletions and the statutory basis for each proposed deletion, or a statement that no information other than names, addresses, and taxpayer identifying numbers need be deleted.

(4) The checklist set forth in Appendix A of this revenue procedure must be completed, signed and dated by the applicant or authorized representative, and included at the front of the request.

.04 *Optional use of electronic format for certain information*. In addition to providing the submission in written format, an applicant may provide the information required under sections 7.04 and 7.05 of this revenue procedure and section 10.02 or 10.03 of this revenue procedure, as applicable, in electronic format (such as a spreadsheet on a USB drive). Providing that information in electronic format may expedite the IRS review of the applicant's request.

SECTION 4. TIMING PROVISIONS RELATED TO REQUESTS FOR APPROVAL TO USE SUBSTITUTE MORTALITY TABLES

.01 *In general*. A request for approval to use substitute mortality tables generally must be submitted at least 7 months before the first day of the first plan year for which the substitute mortality tables are to apply. Thus, for example, if the first plan year to which substitute mortality tables are to apply is the plan year that begins January 1, 2020, then the deadline for submitting a request for approval to use substitute mortality tables is June 1, 2019.

.02 *Incomplete requests*. An incomplete request for approval to use substitute mortality tables will be denied unless the IRS and the applicant mutually agree to extend the 180-day period specified under § 430(h)(3)(C)(v)(II). Ordinarily, the IRS will reject a request for approval to use substitute mortality tables without considering the substance of the request (rather than agree to extend the 180-day period for review of the request) and refund the user fee if the request does not include substantially all of the applicable information specified in sections 5 through 11 of this revenue procedure.

.03 *Request for delay for other plans.* If other plans subject to § 430 maintained by the applicant (or members of the applicant's controlled group) have credible mortality information and a request for approval to use substitute mortality tables will be made for those plans in one or more separate applications, the applicant must request that the 180-day review period be extended by 90 days Upon receiving the request for extension of the review period, except as provided in section 4.02 of this revenue procedure, the IRS will agree to that extension and give the applicant 90 days to submit those additional applications (which must be submitted no later than the deadline that applies to each such separate request under section 4.01 or 4.04 of this revenue procedure). The IRS will summarily reject the initial application if it does not include a request for a 90 day extension of the 180-day review period, or if all of the additional applications are not submitted within 90 days after the submission of the initial application (on the grounds that at least one plan with credible mortality information maintained by the applicant (or a member of the applicant's controlled group) would not be using substitute mortality tables).

Example. Employer E maintains Plans A and B, each of which have credible mortality information. Plan A's plan year is the calendar year and Plan B's plan year runs from July 1 through June 30. Employer E submits a request for approval to use substitute mortality tables for Plan A for the 2020 plan year on May 31, 2019 ("A Request"). To avoid denial of the A Request on the grounds that substitute mortality tables would not be used for all plans with credible mortality information maintained by the applicant, Employer E requests that the 180-day review period for the A Request be extended by 90 days to provide Employer E additional time to submit a separate request for approval

to use substitute mortality tables for Plan B for the 2020 plan year. The IRS agrees to this extension in accordance with this section 4.03. The IRS will summarily reject the A Request unless Employer E submits a separate request for approval to use substitute mortality tables for Plan B no later than August 29, 2019.

.04 *Transition rule for submissions for plan years beginning in 2018*. Notwithstanding the generally applicable deadline, a request for approval to use substitute mortality tables will be considered timely if it is submitted on or before February 28, 2018, provided that the plan sponsor requests a 90-day extension of the 180-day review period. Except as provided in section 4.02 of this revenue procedure, the IRS will agree to such a request.

SECTION 5. GENERAL RULES

.01 *Contents of request*. A request for approval to use substitute mortality tables must include the general information described in this section 5, the plan identification information described in section 6 of this revenue procedure, the credible mortality information demonstrations described in section 7 of this revenue procedure, the stability demonstrations described in section 8 of this revenue procedure, the information regarding other plans in the plan sponsor's controlled group described in section 9 of this revenue procedure, the Substitute Base Table construction information described in section 10 of this revenue procedure, and the demonstrations described in section 11 of this revenue procedure.

.02 *General standard for approval*. The IRS will approve a request for approval to use substitute mortality tables that meet the requirements of § 1.430(h)(3)-2 and this revenue procedure, unless the IRS determines that the Substitute Base Table does not sufficiently reflect the mortality experience of the applicable plan population.

.03 *Proposed period of use*. A separate request must be made with respect to each plan ("Plan"), or group of plans that are aggregated under § 1.430(h)(3)-2(c)(5) ("Aggregated Group"), for which approval to use substitute mortality tables is requested. The request must state the first day of the first plan year for which the substitute

mortality tables are to be applicable ("Requested Effective Plan Year") and must state the term of years (not more than 10) for which the tables would be used.

.04 *Description of populations*. The request must include a description of the populations within the Plan (or the Aggregated Group) covered by the request for approval to use substitute mortality tables and a description of the populations, if any, for which the generally applicable mortality tables will be used.

For example, if approval to use substitute mortality tables is requested for nondisabled female individuals (but no other individuals) under a plan for which the mortality tables set forth in Rev. Rul. 96-7, 1996-1 CB 59, are used for disabled individuals pursuant to § 430(h)(3)(D), then the population covered by the request for approval to use substitute mortality tables would be described as "Nondisabled Females" and the population for whom the generally applicable mortality tables will be used would be described as "Nondisabled Males."

Similarly, if approval to use substitute mortality tables is requested for male annuitants (but not male nonannuitants) and for females on a combined annuitant/nonannuitant basis, in each case including disabled individuals, then the populations covered by the request for approval to use substitute mortality tables would be described as "Male Annuitants" and "Females," and the population for whom the generally applicable mortality tables will be used would be described as "Male Nonannuitants."

SECTION 6. IDENTIFICATION OF PLANS

.01 *Information for plan for which approval to use substitute mortality tables is requested*. The following plan information must be provided for the Plan (or for each plan within the Aggregated Group) for which approval to use substitute mortality tables is requested:

(1) Plan name;

(2) Plan number;

(3) Plan year (calendar year, or if a fiscal year, the first and last day of the plan year);

(4) Employer identification number;

(5) Date of plan establishment; and

(6) Copies of the actuarial valuation reports for each plan year that begins or ends during the Experience Study Period as defined in section 7.01 of this revenue procedure.

.02 *Plans for which substitute mortality tables are not intended to be used.* The following information must be provided for each plan that is subject to § 430 covering employees of the applicant, or a member of the applicant's controlled group, for which substitute mortality tables are not intended to be used:

(1) Plan name;

(2) Plan number;

(3) Plan year (calendar year, or if a fiscal year, the first and last day of the plan year);

(4) Employer identification number;

(5) Date of plan establishment;

(6) If the plan is a newly affiliated plan under § 1.430(h)(3)-2(f)(2), the date of the merger, acquisition, or similar transaction described in § 1.410(b)-2(f), and the last day of the transition period described in § 1.430(h)(3)-2(f)(3); and

(7) If the applicant or a member of the applicant's controlled group is an employer whose employees participate in a multiple-employer plan, whether the portion of the multiple-employer plan's funding target attributable to employees and former employees of the applicant and the members of the applicant's controlled group is less than or equal to 50 percent (so that the multiple-employer plan is not treated as being

maintained by the applicant or a member of the applicant's controlled group under § 1.430(h)(3)-2(c)(7)(ii)).

.03 *Other plans for which substitute mortality tables are being used or are intended to be used.* The following information must be provided for each plan that is subject to § 430 covering employees of the applicant, or a member of the applicant's controlled group (including a multiple-employer plan that is treated as maintained by the applicant or a member of the applicant's controlled group pursuant to § 1.430(h)(3)-2(c)(7)(ii)), for which substitute mortality tables are being used or for which a request for approval to use substitute mortality tables has been submitted or will be submitted:

(1) Plan name;

(2) Plan number;

(3) Plan year (calendar year, or if a fiscal year, the first and last day of the plan year);

(4) Employer identification number;

(5) Date of plan establishment;

(6) If the plan sponsor has received previous approval to use substitute mortality tables for that plan, the date of that approval;

(7) If the plan sponsor has requested approval to use substitute mortality tables for that plan (but not yet received approval), the date of that request; and

(8) If the plan sponsor has not yet requested approval to use substitute mortality tables for that plan, the expected date of the submission.

.04 *Special Rule for Multiple-Employer Plans*. If the applicant is the plan administrator of a multiple-employer plan (who is treated as the plan sponsor under § 1.430(h)(3)-2(c)(7)(i)), the request for approval to use substitute mortality tables must include either:

(1) A statement that none of the employers whose employees participate in the plan are treated as maintaining the plan under § 1.430(h)(3)-2(c)(7)(ii); or

(2) If one or more of the participating employers is treated as maintaining the plan under § 1.430(h)(3)-2(c)(7)(ii), the information specified in sections 6.02 and 6.03 of this revenue procedure, as applicable, treating each such employer as the applicant.

.05 *Spun-off plans*. The following additional information must be provided with respect to each plan that is subject to § 430 that is maintained by the applicant, or a member of the applicant's controlled group, that was spun off from another plan ("original plan") that is maintained by the applicant or a member of the applicant's controlled group within the 5-year period preceding the date of the request:

(1) The plan name and the plan number of the spun-off plan, and the plan name and number of the original plan;

(2) The employer identification number of the employer maintaining the spun-off plan and the employer identification number of the employer maintaining the original plan;

(3) The date of the spinoff;

(4) The approximate number of individuals covered by the spun-off plan as of the date of the spinoff and the approximate number of individuals covered by the original plan immediately before the spinoff; and

(5) The reason for the spinoff.

SECTION 7. DEMONSTRATIONS OF CREDIBLE MORTALITY INFORMATION

.01 *Experience Study Period*. The applicant must identify the period of time covered by the mortality experience study ("Experience Study Period") used to develop the Substitute Base Table(s) and the base year for the Substitute Base Table(s). See § 1.430(h)(3)-2(d)(2) and (f)(4) (regarding the selection of an experience study period) and § 1.430(h)(3)-2(c)(3)(ii) (regarding identification of the base year).

.02 *Full credibility threshold*. The applicant must identify the full credibility threshold in § 1.430(h)(3)-2(d)(3) and the number of actual deaths in the Experience Study Period.

.03 *Optional rules*. (1) *Simplified rule.* The applicant must identify whether it used the simplified rule under which the determination of whether there is credible mortality information for a gender is made by only taking into account individuals who are at least age 50 and less than age 100. See § 1.430(h)(3)-2(c)(2)(ii)(B).

(2) *Combined genders rule*. The applicant must identify whether it used the rule under which a single mortality ratio is developed and applied for both genders to construct Substitute Base Tables for the Plan (or Aggregated Group). See § 1.430(h)(3)-2(d)(6).

04. *Required information.* The information required in section 7.04(1)-(11) of this revenue procedure must be provided in tabular form for all individuals within each population for whom separate approval to use substitute mortality tables is requested, for all ages between 18 and 100 (unless the applicant is using the simplified rule as provided in section 7.03(1) of this revenue procedure, in which case, only those individuals who are at least age 50 and less than age 100 are considered). This information must be provided separately for each year of the Experience Study Period and also as an aggregate amount for all years in the Experience Study Period.

(1) The total number of individuals at that age at the beginning of the year, excluding individuals who left the population during the year for reasons other than death.

(2) The total number of individuals at that age at the beginning of the year who left the population for reasons other than death.

(3) The total number of individuals at that age at the beginning of the year who died during the year.

(4) The number of expected deaths for individuals at that age determined by multiplying the mortality rate from the standard mortality table described in section 7.05 of this

revenue procedure by the total of the individuals determined in section 7.04(1) and (2) of this revenue procedure, adjusted for exposure periods of less than one year.

(5) The sum of the benefit amounts described in § 1.430(h)(3)-2(d)(2)(iii) for all individuals at that age at the beginning of the year, excluding individuals who left the population during the year for reasons other than death.

(6) The sum of the benefit amounts described in § 1.430(h)(3)-2(d)(2)(iii) for individuals at that age who left the population during the year for reasons other than death.

(7) The sum of the benefit amounts described in § 1.430(h)(3)-2(d)(2)(iii) for individuals at that age who left the population during the year on account of death.

(8) The amount determined by multiplying the mortality rate for that age from the standard mortality table described in section 7.05 of this revenue procedure, by the total of the amounts determined in section 7.04(5) and (6) of this revenue procedure, adjusted for exposure periods of less than one year.

(9) The sum of the squares of the benefit amounts described in § 1.430(h)(3)-2(d)(2)(iii) for all individuals at that age at the beginning of the year excluding individuals who left the population during the year for reasons other than death.

(10) The sum of the squares of the benefit amounts described in § 1.430(h)(3)-2(d)(2)(iii) for individuals at that age who left the population during the year for reasons other than death.

(11) The amount determined by multiplying the mortality rate from the standard mortality table described in section 7.05 of this revenue procedure by the total of the amounts determined in section 7.04(9) and (10) of this revenue procedure, adjusted for exposure periods of less than one year.

.05 *Standard mortality table*. The request must include the standard mortality table for the base year for the Substitute Base Table, determined pursuant to § 1.430(h)(3)-2(d)(4)(iii).

.06 *Adjustment for exposure periods of less than one year*. The request must include a description of the method or methods used to make adjustments for individuals who left the population for reasons other than death to reflect exposure periods of less than one year.

.07 *Adjustments to make experience study predictive of future mortality experience in light of changes to the plan population.* The request must include a description of any method used to adjust the experience study data to reflect changes in the population during the Experience Study Period.

.08 *Other data adjustments.* The request must include a description of any other method used to adjust experience study data.

SECTION 8. DEMONSTRATION OF POPULATION STABILITY

.01 *Required comparison of population count*. The following information must be provided in tabular form for each population within the Plan (or plans within the Aggregated Group) for which approval to use substitute mortality tables is requested, aggregating all plans that have the same plan year:

(1) The average number of individuals within the population during the Experience Study Period; and

(2) The number of individuals within the population as of the last day of the plan year immediately preceding the plan year during which approval to use substitute mortality tables is requested.

.02 *Additional requirement for significant change in participant count*. If the number of individuals described in section 8.01(2) of this revenue procedure is less than 80 percent or more than 120 percent of the number of individuals described in section 8.01(1) of this revenue procedure, then information and analysis that shows that the mortality experience during the Experience Study Period (taking into account any

adjustments described in section 7.07 of this revenue procedure) is accurately predictive of the future mortality of the population must be provided.

SECTION 9. INFORMATION REGARDING OTHER PLANS IN THE PLAN SPONSOR'S CONTROLLED GROUP

.01 *General rule*. Under § 1.430(h)(3)-2(e), a population lacks credible mortality information if the number of deaths during the experience study is less than 100. For all plans maintained by the applicant or a member of the applicant's controlled group (other than a plan for which approval to use substitute mortality tables is requested or used for all populations or a newly affiliated plan with respect to which the transition period has not ended before the first day of the Requested Effective Plan Year), the applicant must identify the following information for any population for which there is a lack of credible mortality information (such that substitute mortality tables may not be used for that population):

(1) The period of time used to demonstrate a lack of credible mortality information ("Demonstration Period"), and

(2) The number of deaths during that period.

.02 *Alternative demonstrations of lack of credible mortality information*. In lieu of the information described in section 9.01(2) of this revenue procedure, a lack of credible mortality information may be demonstrated by providing alternative information that demonstrates to the satisfaction of the Commissioner that the number of male and/or female deaths did not exceed 100 during the Demonstration Period. For example, a year-by-year reconciliation of the participant population (such as might be shown in an actuarial valuation report) might be submitted showing that the total number of participants leaving the plan during the Demonstration Period is less than 100, as this would demonstrate that the number of male and female deaths must also be less than 100 during that period. Similarly, if the total number of participants in the plan does not exceed 100 for any year during the Demonstration Period, the year-by-year number of participants in the plan during such period might be submitted in lieu of the information

described in section 9.01(2) of this revenue procedure, as this would show that the number of male and female deaths must also be less than 100 during that period.

SECTION 10. SUBSTITUTE BASE TABLE CONSTRUCTION

.01 *Mortality ratio*. For each population for which approval to use substitute mortality tables is requested, the applicant's request must include the mortality ratio determined pursuant to § 1.430(h)(3)-2(d)(4)(ii).

.02 *Substitute Base Table for population with full credibility*. With respect to a population with mortality experience that is fully credible, the applicant's request must contain the Substitute Base Table constructed pursuant to § 1.430(h)(3)-2(d)(4).

.03 *Substitute Base Table for population with partial credibility*. With respect to a population with mortality experience that is only partially credible, the applicant's request must include:

(1) A base substitute mortality table constructed pursuant to § 1.430(h)(3)-2(d)(4) as if the population had mortality experience that is fully credible;

(2) The partial credibility weighting factor for the population determined pursuant to § 1.430(h)(3)-2(e)(2); and

(3) The Substitute Base Table constructed pursuant to § 1.430(h)(3)-2(e)(1).

SECTION 11. DEMONSTRATIONS WITH RESPECT TO BASE TABLES

.01 *Funding target comparison*. For each plan for which approval to use substitute mortality tables is requested, the applicant must provide a comparison of: (1) the plan's funding target (determined without regard to at-risk assumptions under § 430(i)) calculated using the generally applicable generational mortality tables, and (2) the amount that funding target would have been if the substitute mortality tables had been used to determine the funding target, holding all other assumptions constant.

These amounts must be determined as of the valuation date for a plan year ending no earlier than one year and one day before the first day of the Requested Effective Plan Year, and must be provided in total and separately for: (1) active participants, (2) terminated vested participants, and (3) retired participants and beneficiaries receiving payment.

.02 *Generational mortality tables*. For each population for which approval to use substitute mortality tables is requested, the applicant's request must include sample generational mortality tables, as of the Requested Effective Plan Year, for individuals whose years of birth are 1940, 1960, and 1980, respectively, constructed from the Substitute Base Table using the rules of § 1.430(h)(3)-2(c)(3).

.03 *Annuity factors*. For each population for which approval to use substitute mortality tables is requested, the applicant's request must include the following annuity factors based on the substitute mortality table for an individual whose year of birth is 20 years before the base year for the Substitute Base Table, determined using interest assumptions consistent with those used under section 11.01 of this revenue procedure.

(1) For a Substitute Base Table that is not an annuitant Substitute Base Table, deferred to age 55 factors at quinquennial ages from 20 to 50.

(2) For a Substitute Base Table that is not a nonannuitant Substitute Base Table, immediate annuity factors at quinquennial ages from 50 to 90.

SECTION 12. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2008-62 is modified and superseded. Sections 24.01(11) and 26.02(4) of Rev. Proc. 2017-4 are modified to refer to this revenue procedure in lieu of Rev. Proc. 2008-62.

SECTION 13. EFFECTIVE DATE

This revenue procedure is effective for all requests for approval to use plan-specific substitute mortality tables in accordance with § 430(h)(3)(C) of the Code for which the Requested Effective Plan Year begins on or after January 1, 2018.

SECTION 14. PAPERWORK REDUCTION ACT

The collection of information included in this revenue procedure has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. section 3507) under control number 1545-2073.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number.

The collection of information in this revenue procedure is in sections 3 through 11 of this revenue procedure. This collection of information is required to provide sufficient information to enable the IRS to evaluate, process, and rule on the request for approval to use substitute mortality tables. This information will be used to make determinations under § 430(h)(3) of the Code. The likely respondents are businesses or other for-profit institutions and nonprofit institutions.

The estimated total annual reporting/recordkeeping burden is 60,000 hours.

The estimated annual burden per respondent/recordkeeper varies from 167 to 900 hours, depending on individual circumstances, with an estimated average burden of 267 hours. The estimated annual number of respondents/recordkeepers is 225.

The estimated annual frequency of responses is once every 10 years.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. section 6103.

DRAFTING INFORMATION

The principal author of this revenue procedure is Arslan Malik of the Office of the Associate Chief Counsel, Tax Exempt and Government Entities. For further information regarding the submission of a request for approval to use substitute mortality tables, please contact Michael Spaid at (206) 946-3480.

Appendix A

REQUEST FOR APPROVAL TO USE SUBSTITUTE MORTALITY TABLES CHECKLIST

Instructions

You must include a completed copy of this checklist with your submission. Answer each question in the checklist by circling Yes, No, or N/A; explanations must be provided for "No" or "N/A" responses. If a completed checklist is not included, or if explanations are not provided for "No" and "N/A" responses, then your submission will be considered incomplete for purposes of section 4.02 of this revenue procedure.

Sign and date the checklist (as plan sponsor or authorized representative) and place it on top of your request.

Response	Item number	Description of item	Page number in application
Yes No N/A	1.	Have you included the user fee required under Rev. Proc. 2017-4 or its successors? (See section 3.02)	
Yes No N/A	2.	If you are designating an authorized representative,[3] have you included a properly executed Form 2848 (Power of Attorney)? (See section 3.03(1))	
Yes No N/A	3.	Have you satisfied all the requirements of Rev. Proc. 2017-4 or its successors (especially concerning original signatures, penalties of perjury statement, and statement of proposed deletions)? (See section 3.03(2) and (3))	
Yes No N/A	4.	If any separate application for approval to use substitute mortality tables will be made for other plans maintained within the applicant's controlled group, have you requested that the 180-day review period be extended? (See section 4.03)	
Yes No N/A	5.	Have you identified the first day of the first plan year for which approval to use substitute mortality tables is requested and the number of years for which the substitute mortality tables would be used? (See section 5.03)	

[3] It is recommended that an actuary who is able to answer technical questions about the construction of the substitute mortality tables be designated as an authorized representative. Not having an actuary available to discuss these tables with the IRS may cause a delay in the processing of your request for approval.

Yes No N/A	6.	Have you included a description of the populations for which approval to use substitute mortality tables is requested? (See section 5.04)
Yes No N/A	7.	Have you included a description of the populations, if any, for which the generally applicable mortality tables will be used? (See section 5.04)
Yes No N/A	8.	Have you included the identification information required under section 6.01 for the Plan (or for each plan in the Aggregated Group) for which approval to use substitute mortality tables is requested?
Yes No N/A	9.	Have you provided the information required for each plan for which substitute mortality tables are not intended to be used? (See section 6.02)
Yes No N/A	10.	Have you provided the information required for each other plan for which substitute mortality tables are being used or are intended to be used? (See section 6.03)
Yes No N/A	11.	If the applicant is a plan sponsor of a multiple-employer plan, have you provided either (1) a statement that none of the employers whose employees participate in the plan are treated as maintaining the plan under § 1.430(h)(3)-2(c)(7)(ii); or (2) if one or more of the participating employers is treated as maintaining the plan under § 1.430(h)(3)-2(c)(7)(ii), the information specified in section 6.02 and 6.03 of this revenue procedure, as applicable, treating each such employer as the applicant? (See section 6.04)
Yes No N/A	12.	Have you provided the required information for any plans that were spun off from another plan maintained by the applicant or a member of the applicant's controlled group within the past 5 years? (See section 6.05)
Yes No N/A	13.	Have you identified the Experience Study Period and the base year for the Substitute Base Tables? (See section 7.01)
Yes No N/A	14.	Have you provided the full credibility threshold and the number of actual deaths during the Experience Study Period for each population within the Plan (or within the Aggregated Group) for which approval to use substitute mortality tables is requested (see section 7.02)?
Yes No N/A	15.	Have you identified whether the applicant used either or both of the optional rules specified in section 7.03?
Yes No N/A	16.	Have you included a table showing the required information for each applicable population within the Plan (or within the Aggregated Group), for each year of the Experience Study Period and also as an aggregate amount for all years in the Experience Study Period? (See section 7.04)
Yes No N/A	17.	Have you included the relevant standard mortality tables (which is the base mortality table under § 1.430(h)(3)-1(d) projected with mortality improvement to the base year for the Substitute Base Tables)? (See section 7.05)
Yes No N/A	18.	Have you included a description of the methods used to reflect exposure periods of less than one year? (See section 7.06)

Yes No N/A	19.	Have you included a description of any methods used to adjust the experience study data? (See section 7.07 and 7.08)
Yes No N/A	20.	Have you included a table showing the average number of individuals during the Experience Study Period and the number of individuals within the population as of the last day of the plan year immediately preceding the date of this application, for each population within the Plan (or within the Aggregated Group) for which the approval to use substitute mortality tables is requested? (See section 8.01)
Yes No N/A	21.	Have you provided information and analysis required if the population has had a significant change in the number of participants, as described in section 8.02?
Yes No N/A	22.	Have you identified the Demonstration Period for all plans maintained by the applicant or a member of the applicant's controlled group other than a plan for which approval to use substitute mortality tables is requested or used for all populations or a newly-affiliated plan with respect to which the transition period has not ended before the first day of the Requested Effective Plan Year? (See section 9.01(1))
Yes No N/A	23.	Have you identified the number of deaths during the Demonstration Period for all plans maintained by the applicant or a member of the applicant's controlled group (other than a plan for which approval to use substitute mortality tables is requested or used for all populations or a newly affiliated plan with respect to which the transition period has not ended before the first day of the Requested Effective Plan Year) for any population for which there is a lack of credible mortality information (such that substitute mortality tables may not be used for that population)? (See section 9.01(2)) Alternatively, have you provided other information for a population that demonstrates that the number of deaths during the Demonstration Period would not exceed 100? (See section 9.02)
Yes No N/A	24.	Have you provided the mortality ratio for each population for which approval to use substitute mortality tables is requested? (See section 10.01)
Yes No N/A	25.	For each population within the Plan (or within the Aggregated Group) whose mortality experience has full credibility, have you provided a full copy of the Substitute Base Table? (See section 10.02)
Yes No N/A	26.	For each population within the Plan (or within the Aggregated Group) for which approval to use substitute mortality tables is requested but for which mortality experience does not have full credibility, have you provided a full copy of the base substitute mortality table constructed as if the population's mortality information had full credibility, the partial credibility weighting factor, and a full copy of the Substitute Base Table reflecting credibility adjustments? (See section 10.03)
Yes No N/A	27.	Have you included a comparison of hypothetical funding targets determined using generally applicable mortality tables and the proposed substitute mortality tables? (See section 11.01)

Yes No N/A	28.	Have you included the required sample generational mortality tables as of the Requested Effective Plan Year, developed from each Substitute Base Table? (See section 11.02)
Yes No N/A	29.	Have you included annuity factors for each Substitute Base Table based on the substitute mortality table for an individual whose year of birth is 20 years before the base year for the Substitute Base Table? (See section 11.03)
Yes No N/A	30.	For a request for approval to use substitute mortality tables submitted on or before February 28, 2018, have you included a request for a 90-day extension of the 180-day review period? (see section 4.04)

Signature **Date**

Title or Authority

Typed or printed name of person signing checklist