

**IRS Proposed Change to the 2024 Schedule MB, Multiemployer Defined
Benefit Plan and Certain Money Purchase Plan Actuarial Information, Line
8e
(8/7/23 rev)**

Justification for Change:

The Employee Retirement Income Security Act of 1974 (ERISA) sections 103(f)(2)(E) and (F) require annual reporting to include the amount of the difference between the minimum required contribution for the year and the minimum required contribution which would have been required without regard to the extension if the plan received an amortization extension for such plan year, and the amount of difference between the minimum required contribution for the year and the minimum required contribution which would have been required without regard to the use of the shortfall method if the plan used the shortfall funding method for the plan year.

The term “minimum required contribution” is not a defined term in ERISA sections 302 or 304, nor the Internal Revenue Code (IRC) sections 412 or 431. Instead, ERISA section 302 and IRC section 412 use the term “minimum funding standards.” The practitioner community has pointed out that “minimum required contribution” is not an applicable term and have questioned what multiemployer defined benefit plans should be reporting on line 8(e) of the Schedule MB, when applicable.

The proposed change is meant to tie the reporting requirement to the term used for funding purposes under IRC section 412. Additionally, while looking through ERISA, it was noticed that the reporting requirement for amortization extensions is “if the plan received an amortization extension for such plan year.” Therefore, line 8e of the Schedule MB is proposed to clarify that this reporting requirement is solely for plans that received an amortization during the plan year.

We do not believe/intend these changes to be substantive or controversial but merely, clarification as to what is needed to be reported to satisfy this reporting requirement. For frame of reference, there are approximately 200 multiemployer defined benefit plans with an amortization extension in place and approximately 20 multiemployer defined benefit plans using the shortfall method. However, only a portion of the 200 multiemployer defined benefit plans with an amortization extension should be required to report line 8e of the Schedule MB in accordance with ERISA section 103(f)(2)(E). The counts above are based on 1,110 Schedules MB filed for 2021.

Line 8e Proposed Change:

If box 5h is checked or **the plan received an amortization extension for this plan year under Code section 431(d), line 8e is “Yes,”** enter the difference between the **amount necessary to satisfy the plan’s minimum funding standard required contribution** for **this plan** year and the **minimum amount** that would have been **necessary required** without using the shortfall method or extending the amortization **base period(s)**.

August 7, 2023 Clean Version of 2024 Schedule MB



230807 Sch MB
clean.docx