

Part IV. Items of General Interest

Announcement 2000-7

The Internal Revenue Service and the Treasury Department are undertaking a review of the mortality table in effect under § 412(l)(7)(C) of the Internal Revenue Code (the Code) and section 302(d)(7)(C) of the Employee Retirement Income Security Act of 1974 (ERISA).

Background

Section 412(l) of the Code and section 302(d) of ERISA provide additional funding requirements for certain defined benefit pension plans. The additional funding requirements for a plan are in part based upon the current liability under a plan as defined in § 412(l)(7) of the Code and section 302(d)(7) of ERISA. Section 412(l)(7)(C) of the Code and section 302(d)(7)(C) of ERISA provide for the interest rate and mortality table to be used to determine the current liability of a plan.

Section 412(l)(7)(C) of the Code and section 302(d)(7)(C) of ERISA provide that the mortality table used in determining current liability shall be prescribed by the Secretary of the Treasury. Section 412(l)(7)(C)(ii)(I) of the Code and section 302(d)(7)(C)(ii)(I) of ERISA provide that the initial mortality table is to be based on the prevailing commissioners' standard table (described in § 807(d)(5)(A) of the Code) used to determine reserves for group annuity contracts issued on January 1, 1993.

Section 412(l)(7)(C)(iii) of the Code and section 302(d)(7)(C)(iii) of ERISA provide that, in the case of plan years beginning after December 31, 1995, the Secretary shall establish mortality tables which may be used (in lieu of the tables under § 412(l)(7)(C)(ii) of the Code and section 302(d)(7)(C)(ii) of ERISA) to determine current liability for individuals who are entitled to benefits under the plan on account of disability. The Secretary was to establish separate tables for individuals whose disabilities occur in plan years beginning before January 1, 1995, and for individuals whose disabilities occur in plan years beginning on or after such date.

Except as provided in section 412(l)(7)(C)(iii) of the Code and section 302(d)(7)(C)(iii) of ERISA, relating to disabled lives, Rev. Rul. 95-28, 1995-1 C.B. 74, sets forth the mortality table to be used under Section 412(l)(7)(C)(ii)(I) of the Code and section 302(d)(7)(C)(ii)(I) of ERISA for plan years beginning after December 31, 1994. Rev. Rul. 95-28 also requested written comments concerning the mortality table to be used for determining current liability for plan years beginning after December 31, 1999, and information on existing or upcoming independent studies of mortality of individuals covered by pension plans.

Rev. Rul. 96-7, 1996-1 C.B. 59, sets forth the alternative mortality tables that

may be used under § 412(l)(7)(C)(iii) of the Code and section 302(d)(7)(C)(iii) of ERISA to determine a plan's current liability for individuals who are entitled to benefits under the plan on account of disability.

Section 412(l)(7)(C)(ii)(III) of the Code and section 302(d)(7)(C)(ii)(III) of ERISA provide that the Secretary shall periodically (at least every 5 years) review any tables in effect under these sections and, to the extent the Secretary determines necessary, by regulation update the mortality tables used to determine current liability. Section 412(l)(7)(C)(ii)(II) of the Code and section 302(d)(7)(C)(ii)(II) of ERISA provide that the updated tables are to be based upon the actual experience of pension plans and projected trends in such experience, and that in prescribing such tables, the Secretary is to take into account results of available independent studies of mortality of individuals covered by pension plans. Section 412(l)(7)(C)(ii)(II) of the Code and section 302(d)(7)(C)(ii)(II) of ERISA also provide that the updated tables may not be effective until the first plan year beginning after December 31, 1999.

Review

As required by § 412(l)(7)(C)(ii)(III) of the Code and section 302(d)(7)(C)(ii)(III) of ERISA, the Internal Revenue Service and the Treasury Department are undertaking a review of the mortality tables used to determine current liability under § 412(l)(7)(C) of the Code and section 302(d)(7)(C) of ERISA. As part of the review, the Service and the Treasury Department will take into account studies of mortality of individuals covered by defined benefit pension plans. The review also includes an analysis of projected trends in mortality of individuals covered by defined benefit pension plans.

Accordingly, interested parties are invited to submit any studies of mortality, any studies of trends in mortality, or any information with respect to such studies that they believe to be relevant to individuals covered by defined benefit pension plans. Furthermore, interested parties are invited to submit written comments concerning the mortality table or tables to be used for determining current liability for plan years beginning after December 31, 1999. The studies, information, or comments should be sent to Commissioner of Internal Revenue, Attention: T:EP:RA:T:A1, Washington, D.C. 20224.

If the review indicates that a change in mortality tables is appropriate, the Service and the Treasury Department will propose regulations. The Service and the Treasury Department anticipate that in no event would there be any change in the mortality tables for plan years beginning before January 1, 2001.