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

TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

FEB 11 2016

T. EP. RA. A2

Re:

Dear :

This letter is to inform you that your September 9, 2015 request for a ruling that the Fund may continue to apply the amortization extension to plan years ending on or after the date on which they adopted an amendment to increase the benefit accrual rate for Employer A employees from 85% of the standard rate to 100% of that rate has been approved.

The Trustees are requesting a ruling that a benefit increase for a group of the Funds participants does not violate the restrictions under Section 412(c)(7) of the Internal Revenue Code ("Code") on plan amendments that increase liabilities while an amortization extension under Code Section 431(d) is in place. The taxpayer represented that the increase is reasonable and de minimis and therefore the requirements of Code Section 412(c)(7)(B)(i) have been satisfied. As a result, the Fund should be allowed to maintain its amortization extension even though the Fund has been amended to increase benefits.

On December 28, 2009, the Trustees applied for an automatic amortization extension under Section 431(d) of the Code. This request was granted on January 25, 2010.

The Fund is a Taft-Hartley multiemployer defined benefit plan. The Fund was originally established effective January 1, 1991, as a result of the merger of two prior pension plans. The Fund has a January 1 to December 31 plan year.

The Trustees represent that the plan amendment is required to keep Employer A in the Fund; and may assist in convincing Employer B to join the Fund.

Section 412(c)(7) of the Code provides for restrictions on plan amendments.

(A) In general.--No amendment of a plan which increases the liabilities of the plan by reason of any increase in benefits, any change in the accrual of benefits, or any change in the rate at which benefits become nonforfeitable under the plan shall be adopted if a waiver under this subsection or an extension of time under section 431(d) is in effect with respect to the plan, or if a plan amendment described in subsection (d)(2) which reduces the accrued benefit of any participant has been made at any time in the preceding 12 months (24 months in the case of a multiemployer plan). If a plan is amended in violation of the preceding sentence, any such waiver, or extension of time, shall not apply to any plan year ending on or after the date on which such amendment is adopted.

(B) Exception.--Subparagraph (A) shall not apply to any plan amendment which--

- (i) the Secretary determines to be reasonable and which provides for only de minimis increases in the liabilities of the plan,
- (ii) only repeals an amendment described in subsection (d)(2), or
- (iii) is required as a condition of qualification under part I of subchapter D, of chapter 1.

In granting this approval, we have considered only the reasonableness of the amendment and its impact on Fund liabilities. Accordingly, we are not expressing any opinion as to the accuracy or acceptability of any calculations or other material submitted with your request.

With respect to the Fund's request, the benefit increase will encourage the 17,000 employees of Employer A, which represent 17% of active employees, to remain with the Fund. The benefit increase will also encourage the 15,000 employees of Employer B to join the Fund, which would add additional contributing members. The amendment increasing the benefit accrual rate is reasonable.

The Fund has maintained a Funded Ratio in excess of 100% and has not been in Endangered or Seriously Endangers Status in the plan year beginning January 1, 2015 or the two prior plan years. The benefit increase will increase Fund liabilities by less than 0.1% and is projected to lower the January 1, 2022 Funded Ratio by less than 0.4%. The amendment increasing Fund liabilities through an increase in the benefit accrual rate is de minimis.

This ruling letter is directed solely to the taxpayer who requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited by others as precedent. This ruling letter only applies to the specific request, and no other issues with respect to the operation of the Fund.

We have sent a copy of this letter to your authorized representative pursuant to a power of attorney on file in this office. If you have any questions regarding this matter, please contact (ID # ) at ( ) - .

Sincerely yours,

David M. Ziegler, Manager  
Employee Plans Actuarial Group 2

Cc: