



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

TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

JAN 25 2021

Number: 202116017

Release Date: 4/23/2021

Re: Submission requesting the use of plan-specific substitute mortality tables

Taxpayer =

Plan 1 =

Plan 2 =

Dear

This letter is to inform you that your request to use substitute mortality tables for making computations under section 430 of the Internal Revenue Code (the "Code") for the Included Group has been granted with respect to the populations specified in this letter. This ruling is effective for a period of up to 10 plan years beginning with the plan year commencing January 1, . Your request has been granted in accordance with section 430(h)(3) of the Code and section 303(h)(3) of the Employee Retirement Income Security Act of 1974.

This approval applies to the following specific populations:

- Plans 1 and 2 combined, male and female annuitants (excluding disabled participants)

Based on the information provided by the Taxpayer, the following populations do not have credible mortality experience, and therefore the standard mortality tables will be used for calculations under section 430 of the Code:

- Plans 1 and 2 combined, male and female nonannuitants

In granting this approval, we have only considered whether the substitute mortality rates were developed in accordance with section 1.430(h)(3)-2 of the Treasury Regulations ("Regulations") and Revenue Procedure 2017-55. Accordingly, we are not expressing any opinion as to the accuracy or acceptability of any calculations or other material submitted with your request.

Permission is hereby granted to use the substitute mortality rates shown in the table below for the Plan 1 and Plan 2 male and female annuitants:

Substitute Mortality Tables  
Approved for use beginning with the plan year commencing January 1,  
Base year :

Age	Male Annuitants	Female Annuitants
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2		
3		
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Age	Male Annuitants	Female Annuitants
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Age	Male Annuitants	Female Annuitants
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Age	Male Annuitants	Female Annuitants
117		
118		
119		
120		

The above rates were developed based on an experience study period from January 1, through December 31, , with a base year of . The rates were calculated by adjusting the applicable standard mortality tables in section 1.430(h)(3)-1(d) of the Regulations, using the mortality ratio and credibility weighting factor [individually determined for each population] [determined by aggregating male and female experience, as shown in the table below.

	Male and Female Annuitants
Mortality ratio	
Credibility Weighting Factor	

The Internal Revenue Service has reviewed the substitute mortality rates and supporting information, and has determined that based on the information submitted, the rates were developed in accordance with section 1.430(h)(3)-2 of the Regulations and Revenue Procedure 2017-55.

The above rates must be applied on a generational basis, as provided in section 1.430(h)(3)-2(c)(3) of the Regulations.

Your attention is called to section 430(h)(3)(C)(ii) of the Code and section 1.430(h)(3)-2(c)(6) of the Regulations, which describe the circumstances in which the use of the substitute mortality table will terminate before the end of the 10-year period described above. In general, the substitute mortality tables can no longer be used as of the earliest of:

- (1) For a plan using a substitute mortality table for only one gender, the first plan year for which there is full or partial credible mortality information with respect to the other gender that had lacked credible mortality information (unless an approved substitute mortality table is used for that gender),
- (2) The first plan year in which the plan fails to satisfy the requirements of section 1.430(h)(3)-2(c)(1) of the Regulations, regarding the requirement that other plans and populations in the controlled group must also use substitute mortality tables unless it can be demonstrated that they do not have credible mortality information (taking into account the transition period for newly affiliated companies in section 1.430(h)(3)-2(f)(3) of the Regulations),

- (3) The second plan year following the plan year for which there is a significant change in individuals covered by the plan as described in section 1.430(h)(3)-2(c)(6)(iii) of the Regulations,
- (4) The plan year following the plan year in which a substitute mortality table used for a plan population is no longer accurately predictive of future mortality of that population, as determined by the Commissioner or as certified by the plan's actuary to the satisfaction of the Commissioner, or
- (5) The date specified in guidance published in the Internal Revenue Bulletin pursuant to a replacement of mortality tables specified under section 430(h)(3)(A) of the Code and section 1.430(h)(3)-1 of the Regulations, other than annual updates to the static mortality tables issued pursuant to section 1.430(h)(3)-1(a)(3) of the Regulations or changes to the mortality improvement rates pursuant to section 1.430(h)(3)-1(a)(2)(i)(C) of the Regulations.

We draw your attention to the fact that the combined male and female nonannuitants experienced 63 deaths during the experience study period. Note that this population will have credible mortality experience if it experiences at least 100 deaths during a 5-year period (corresponding to the length of the experience study used to construct the substitute mortality tables for the other populations). It is important to monitor this population to ensure that appropriate action is taken should this occur, to avoid violating paragraph (2) above.

Also note that section 1.430(h)(3)-2(c)(6)(iii) provides that the use of substitute mortality tables must be discontinued after a significant change in coverage unless the plan's actuary certifies in writing to the satisfaction of the Commissioner that the substitute mortality tables used for the population continue to be accurately predictive of future mortality of the population (taking into account the effect of the change in the population). For this purpose, a significant change in coverage occurs if the number of individuals covered by the substitute mortality table for a plan year is less than 80 percent or more than 120 percent of either (1) the average number of individuals in that population over the years covered by the experience study on which the substitute mortality table is based, or (2) the number of individuals covered by the substitute mortality table in a plan year for which a certification described in section 1.430(h)(3)-2(c)(6)(iii)(A) of the Regulations was made.

The number of nonannuitants as of December 31, \_\_\_\_\_ was already more than 120% of the average number of individuals covered during the experience study. Accordingly, this certification is needed each year, if and when, the number of annuitants (1) remains greater than 120% (or falls to less than 80%) of the average number of nonannuitants included in the experience study or (2) becomes less than 80% or more than 120% of the number of nonannuitants as of December 31, \_\_\_\_\_ the date of the most recent certification that the mortality tables are accurately predictive of the mortality of the remaining population.

For reference, the average number of Plan 1 and 2 male and female annuitants over the years covered by the experience study, as well as the most recent number of male and female participants in the submission, are as follows:

	Male and Female Annuitants
Average during the experience study period*	
Most recent data in the submission (December 31, )	

\*Reflects all participants in the annuitant population during the experience study period, including those with monthly benefits less than \$

A certification must be provided each year that it is required, as described above, signed by the enrolled actuary for the plan and stating that the substitute mortality tables continue to be accurately predictive of the expected future mortality for the plan. The certification must also contain a statement that:

- a. The enrolled actuary is current with educational requirements set forth by the Joint Board for the Enrollment of Actuaries as well as any other actuarial designations asserted;
- b. The enrolled actuary was personally involved in the determination that the substitute mortality table is still accurately predictive and provides the actuary's best estimate for the Plan;
- c. In determining that the substitute mortality table is still accurately predictive, the enrolled actuary took into consideration the effect of business combinations, plan mergers or spinoffs and settlements/other risk transfers, the COVID-19 pandemic, and other events that would have similar effects on the relevant populations; and,
- d. The enrolled actuary has the specific knowledge and experience to make the judgements set forth above and attests to these representations.

All required certifications must be provided on or before the date Form 5500 is filed for each plan year for which the certification is required and must be accompanied by the supporting information relied upon by the enrolled actuary to make that certification. To the extent possible, please also provide the following supporting information:

- (1) The number of actual deaths during the experience study period used to develop the substitute mortality tables and the beginning and ending dates of the experience study period.
- (2) A table showing the number of expected deaths (using the approved substitute mortality rates) and actual deaths, reported separately for each plan year beginning with deaths during the plan year ending December 31, through

the plan year immediately preceding the most recent actuarial valuation, and in total.

- (3) A table similar to the stability demonstration required under section 8 of Revenue Procedure 2017-55, showing the average number of participants in the population included in the experience study and the number of participants in the population as of the end of each plan year, beginning with December 31, through the plan year immediately preceding the most recent actuarial valuation, expressed both as a headcount and as a percentage of the average number of participants in the experience study.
- (4) A table showing a comparison of (i) the average ages and (ii) percentage of the population, by the following monthly single life annuity brackets: under \$ between \$ and \$ between \$ to \$ between \$ to \$ between \$ and \$ and \$ and over, along with the average age and average benefit amount for the population in total. This information should be provided for the population in the experience study and at the end of each plan year, beginning with the valuation date for the first plan year that the certification is required, through the date immediately preceding the most recent actuarial valuation at the time the information is reported.
- (5) An explanation of any material changes in the population.

This information must be provided to David M. Ziegler (or to another individual designated by the Service), by fax at (202) 317-8811, or to the following address:

Internal Revenue Service  
 Attn: Mr. David M. Ziegler  
 TE/GE: SE:T:EP:RA:T:A2  
 NCA-630  
 1111 Constitution Ave. NW  
 Washington DC 20224-0002

Failure to provide this information by the due date may result in a requirement that the standard mortality tables must be used for purposes of section 430 of the Code, beginning with the earlier of (1) the plan year for which the deadline for providing this information is missed or (2) the date required for early termination of the use of the substitute mortality tables pursuant to section 1.430(h)(3)-2(c)(6)(ii) of the Regulations.

This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited by others as precedent. When filing Form 5500 for the plan years for which the substitute mortality tables are used, please note the information that is required to be attached to Schedule SB (Actuarial Information) in accordance with the instructions to that form.



We have sent a copy of this letter to the Manager, EP Classification in . Please provide a copy of this letter to the enrolled actuary for Plans 1 and 2.

If you require further assistance in this matter, please contact (ID# ) at ( ) - .

Sincerely,

David M. Ziegler, Manager  
Employee Plans Actuarial Group 2

cc: