

Updated Static Mortality Tables for Defined Benefit Pension Plans for 2017

Notice 2016-50

PURPOSE

This notice provides updated static mortality tables to be used for defined benefit pension plans under § 430(h)(3)(A) of the Internal Revenue Code (Code) and § 303(h)(3)(A) of the Employee Retirement Income Security Act of 1974, Pub. L. No. 93-406, as amended (ERISA). These updated tables, which are being issued using the methodology in the existing final regulations under § 430(h)(3)(A), apply for purposes of calculating the funding target and other items for valuation dates occurring during calendar year 2017.

This notice also includes a modified unisex version of the mortality tables for use in determining minimum present value under § 417(e)(3) of the Code and § 205(g)(3) of ERISA for distributions with annuity starting dates that occur during stability periods beginning in the 2017 calendar year.

BACKGROUND

Section 412 of the Code provides minimum funding requirements that generally apply for defined benefit plans. Section 412(a)(2) provides that § 430 specifies the minimum funding requirements that generally apply to defined benefit plans that are not multiemployer plans. Section 430(a) defines the minimum required contribution for such a plan by reference to the plan's funding target for the plan year.

Section 430(h)(3) provides rules regarding the mortality tables to be used under § 430. Under § 430(h)(3)(A), except as provided in § 430(h)(3)(C) or (D), the Secretary is to prescribe by regulation mortality tables to be used in determining any present value or making any computation under § 430. Those tables are to be based on the actual experience of pension plans and projected trends in that experience. Section 430(h)(3)(B) provides that periodically (at least every 10 years) these mortality tables shall be revised to reflect the actual experience of pension plans and projected trends in that experience.

Section 430(h)(3)(C) provides that, upon request by a plan sponsor and approval by the Secretary, substitute mortality tables that meet the applicable requirements may be used in lieu of the standard mortality tables provided under § 430(h)(3)(A). Section 430(h)(3)(D) provides for the use of separate mortality tables with respect to certain individuals who are entitled to benefits on account of disability, with separate tables for those whose disabilities occurred in plan years beginning before January 1, 1995, and those whose disabilities occurred in plan years beginning after December 31, 1994. These separate mortality tables are permitted to be used with respect to disabled individuals in lieu of the

generally applicable mortality tables provided pursuant to § 430(h)(3)(A) or the substitute mortality tables under § 430(h)(3)(C).

Mortality Tables for Purposes of § 430

Section 1.430(h)(3)-1 of the regulations provides for mortality tables, based on the tables contained in the RP-2000 Mortality Tables Report,¹ adjusted for mortality improvement using Projection Scale AA as recommended in that report. Section 1.430(h)(3)-1 generally requires the use of separate tables for nonannuitant and annuitant periods for large plans (those with over 500 participants as of the valuation date). Sponsors of small plans (those with 500 or fewer participants as of the valuation date) are permitted to use combined tables that apply the same mortality rates to both annuitants and nonannuitants.

Section 1.430(h)(3)-1 describes the methodology that the IRS will use to establish mortality tables as provided under § 430(h)(3)(A). The mortality tables set forth in § 1.430(h)(3)-1 are based on expected mortality as of 2000 and reflect the impact of expected improvements in mortality. The regulations permit plan sponsors to apply the projection of mortality improvement in either of two ways: through use of static tables that are updated annually to reflect expected improvements in mortality, or through use of generational tables. The regulations include static mortality tables for use in actuarial valuations as of valuation dates occurring in 2008 and provide that the mortality tables for valuation dates occurring in future years are to be provided in the Internal Revenue Bulletin. Notice 2008-85, 2008-42 IRB 905, sets forth the static mortality tables that apply under § 430(h)(3)(A) for valuation dates during 2009 through 2013. Notice 2013-49, 2013-32 IRB 127, provides static mortality tables for valuation dates during 2014 and 2015. Notice 2015-53, 2015-33 IRB 190, provides static mortality tables for valuation dates during 2016.

Notice 2015-53 stated that the Treasury Department and the IRS expect to issue proposed regulations revising the base mortality rates and projection factors in § 1.430(h)(3)-1 and that the new regulations would not apply until 2017. The Treasury Department and the IRS still expect to issue proposed regulations revising the base mortality rates and projection factors in § 1.430(h)(3)-1. However, in order to give sufficient time for notice and comment on the proposed regulations, the Treasury Department and the IRS expect that the final regulations will apply beginning in 2018.

As noted in Notice 2015-53, after regulations implementing new mortality tables are finalized, as additional data regarding mortality improvement for more recent years becomes available, the Treasury Department and IRS expect to

¹ The RP-2000 Mortality Tables Report was released by the Society of Actuaries in July 2000 and updated in May 2001. Society of Actuaries, RP-2000 Mortality Tables Report, at www.soa.org/Research/Experience-Study/Pension/research-rp-2000-mortality-tables.aspx.

regularly review trends in mortality improvement and will update the projection of mortality improvement as necessary.

Application of These Tables for Other Funding Rules

Section 1.431(c)(6)-1 provides that the same mortality assumptions that apply for purposes of § 430(h)(3)(A) and § 1.430(h)(3)-1(a)(2) are used to determine a multiemployer plan's current liability for purposes of applying the full-funding rules of § 431(c)(6). For this purpose, a multiemployer plan is permitted to apply either the annually-adjusted static mortality tables or the generational mortality tables.

Section 433 provides the minimum funding standards for CSEC plans, which are described in section 414(y). Section 433(h)(3)(B)(i) provides that the Secretary may by regulation prescribe mortality tables to be used in determining current liability for purposes of § 433(c)(7)(C). The Treasury Department and the IRS expect to issue regulations prescribing that the mortality tables described in § 430(h)(3)(A) are to be used to determine current liability under § 433(c)(7)(C).

Application of Mortality Tables for Minimum Present Value Requirements under § 417(e)(3)

Section 417(e)(3) generally provides that the present value of certain benefits under a qualified pension plan (including single-sum distributions) cannot be less than the present value of the accrued benefit using applicable interest rates and the applicable mortality table. Under § 1.417(e)-1(d), these rules must also be used to compute the present value of a plan benefit for purposes of determining whether consent for a distribution is required under § 411(a)(11)(A).

Section 417(e)(3)(B) defines the term "applicable mortality table" as the mortality table specified for the plan year under § 430(h)(3)(A) (without regard to § 430(h)(3)(C) or (D)), modified as appropriate by the Secretary.

Rev. Rul. 2007-67, 2007-2 CB 1047, provides that, except as otherwise stated in future guidance, the applicable mortality table under § 417(e)(3) for 2008 is based on a fixed blend of 50% of the static male combined mortality rates and 50% of the static female combined mortality rates promulgated under § 1.430(h)(3)-1(c)(3) of the proposed regulations (which have since been issued as final regulations). The applicable mortality table for purposes of § 417(e)(3) is not a generational table. Rev. Rul. 2007-67 also provides that the applicable mortality table for a given year applies to distributions with annuity starting dates that occur during stability periods that begin during that calendar year. Rev. Rul. 2007-67 further states that the § 417(e)(3) applicable mortality table for each subsequent year will be published in future guidance and, except as provided in that future guidance, will be determined from the § 430(h)(3)(A) tables on the

same basis as the applicable mortality table for 2008. Notice 2008-85 set forth the § 417(e)(3) applicable mortality tables for distributions with annuity starting dates that occur during stability periods beginning during calendar years 2009 through 2013. Notice 2013-49 set forth the § 417(e)(3) applicable mortality tables for distributions with annuity starting dates that occur during stability periods beginning during calendar years 2014 and 2015. Notice 2015-53 set forth the § 417(e)(3) applicable mortality tables for distributions with annuity starting dates that occur during stability periods beginning during calendar year 2016.

STATIC MORTALITY TABLES FOR 2017

This notice sets forth the mortality tables for minimum funding and present value requirements for 2017.

The static mortality tables that apply under § 430(h)(3)(A) for valuation dates occurring during 2017 are set forth in the appendix to this notice. The mortality rates in these tables have been developed from the base mortality rates, projection factors, and weighting factors set forth in § 1.430(h)(3)-1(d), using the blending techniques described in the preamble to those regulations.

The static mortality tables that apply under § 417(e)(3) for distributions with annuity starting dates occurring during stability periods beginning in 2017 are set forth in the appendix to this notice in the column labeled "Unisex." These tables were derived from the tables used for § 430(h)(3)(A) following the procedures set forth in Rev. Rul. 2007-67.

Drafting Information

The principal authors of this notice are Michael Brewer and Linda S. F. Marshall of the Office of the Associate Chief Counsel (Tax Exempt and Government Entities). For further information regarding this notice, contact Michael Brewer or Linda Marshall at (202) 317-6700 (not a toll-free number).

APPENDIX

**Mortality tables for
valuation dates occurring during 2017 and
distributions subject to § 417(e)(3) with annuity starting dates occurring
during stability periods beginning in 2017**

Age	MALE	MALE	MALE	FEMALE	FEMALE	FEMALE	UNISEX
	2017 Non- Annuitant Table	2017 Annuitant Table	2017 Optional Combined Table for Small Plans	2017 Non- Annuitant Table	2017 Annuitant Table	2017 Optional Combined Table for Small Plans	2017 Table for Distributions Subject to § 417(e)(3)
1	0.000334	0.000334	0.000334	0.000299	0.000299	0.000299	0.000317
2	0.000225	0.000225	0.000225	0.000195	0.000195	0.000195	0.000210
3	0.000187	0.000187	0.000187	0.000146	0.000146	0.000146	0.000167
4	0.000146	0.000146	0.000146	0.000109	0.000109	0.000109	0.000128
5	0.000134	0.000134	0.000134	0.000098	0.000098	0.000098	0.000116
6	0.000128	0.000128	0.000128	0.000092	0.000092	0.000092	0.000110
7	0.000123	0.000123	0.000123	0.000086	0.000086	0.000086	0.000105
8	0.000113	0.000113	0.000113	0.000077	0.000077	0.000077	0.000095
9	0.000109	0.000109	0.000109	0.000073	0.000073	0.000073	0.000091
10	0.000111	0.000111	0.000111	0.000074	0.000074	0.000074	0.000093
11	0.000115	0.000115	0.000115	0.000075	0.000075	0.000075	0.000095
12	0.000119	0.000119	0.000119	0.000078	0.000078	0.000078	0.000099
13	0.000126	0.000126	0.000126	0.000081	0.000081	0.000081	0.000104
14	0.000137	0.000137	0.000137	0.000091	0.000091	0.000091	0.000114
15	0.000146	0.000146	0.000146	0.000101	0.000101	0.000101	0.000124
16	0.000154	0.000154	0.000154	0.000109	0.000109	0.000109	0.000132
17	0.000163	0.000163	0.000163	0.000117	0.000117	0.000117	0.000140
18	0.000171	0.000171	0.000171	0.000120	0.000120	0.000120	0.000146
19	0.000179	0.000179	0.000179	0.000117	0.000117	0.000117	0.000148
20	0.000187	0.000187	0.000187	0.000114	0.000114	0.000114	0.000151
21	0.000200	0.000200	0.000200	0.000111	0.000111	0.000111	0.000156
22	0.000211	0.000211	0.000211	0.000112	0.000112	0.000112	0.000162
23	0.000230	0.000230	0.000230	0.000118	0.000118	0.000118	0.000174
24	0.000247	0.000247	0.000247	0.000124	0.000124	0.000124	0.000186
25	0.000273	0.000273	0.000273	0.000132	0.000132	0.000132	0.000203
26	0.000312	0.000312	0.000312	0.000145	0.000145	0.000145	0.000229
27	0.000325	0.000325	0.000325	0.000152	0.000152	0.000152	0.000239
28	0.000335	0.000335	0.000335	0.000160	0.000160	0.000160	0.000248
29	0.000351	0.000351	0.000351	0.000169	0.000169	0.000169	0.000260
30	0.000378	0.000378	0.000378	0.000191	0.000191	0.000191	0.000285
31	0.000425	0.000425	0.000425	0.000237	0.000237	0.000237	0.000331
32	0.000479	0.000479	0.000479	0.000271	0.000271	0.000271	0.000375
33	0.000537	0.000537	0.000537	0.000295	0.000295	0.000295	0.000416
34	0.000598	0.000598	0.000598	0.000315	0.000315	0.000315	0.000457
35	0.000658	0.000658	0.000658	0.000333	0.000333	0.000333	0.000496
36	0.000716	0.000716	0.000716	0.000349	0.000349	0.000349	0.000533

Age	MALE	MALE	MALE	FEMALE	FEMALE	FEMALE	UNISEX
	2017 Non-Annuitant Table	2017 Annuitant Table	2017 Optional Combined Table for Small Plans	2017 Non-Annuitant Table	2017 Annuitant Table	2017 Optional Combined Table for Small Plans	2017 Table for Distributions Subject to § 417(e)(3)
37	0.000770	0.000770	0.000770	0.000364	0.000364	0.000364	0.000567
38	0.000795	0.000795	0.000795	0.000381	0.000381	0.000381	0.000588
39	0.000815	0.000815	0.000815	0.000400	0.000400	0.000400	0.000608
40	0.000834	0.000834	0.000834	0.000435	0.000435	0.000435	0.000635
41	0.000855	0.000882	0.000855	0.000477	0.000477	0.000477	0.000666
42	0.000881	0.000977	0.000882	0.000525	0.000525	0.000525	0.000704
43	0.000912	0.001120	0.000915	0.000578	0.000578	0.000578	0.000747
44	0.000949	0.001311	0.000956	0.000634	0.000634	0.000634	0.000795
45	0.000992	0.001550	0.001005	0.000671	0.000678	0.000671	0.000838
46	0.001029	0.001836	0.001051	0.000707	0.000766	0.000708	0.000880
47	0.001069	0.002170	0.001104	0.000741	0.000897	0.000745	0.000925
48	0.001110	0.002552	0.001162	0.000802	0.001072	0.000811	0.000987
49	0.001153	0.002981	0.001227	0.000867	0.001291	0.000885	0.001056
50	0.001196	0.003458	0.001298	0.000968	0.001553	0.000997	0.001148
51	0.001238	0.003488	0.001350	0.001083	0.001670	0.001117	0.001234
52	0.001282	0.003475	0.001432	0.001253	0.001887	0.001300	0.001366
53	0.001373	0.003523	0.001578	0.001451	0.002167	0.001519	0.001549
54	0.001473	0.003570	0.001743	0.001683	0.002506	0.001781	0.001762
55	0.001639	0.003726	0.002070	0.001953	0.002912	0.002135	0.002103
56	0.001849	0.003960	0.002519	0.002273	0.003397	0.002594	0.002557
57	0.002096	0.004270	0.002918	0.002564	0.003888	0.003015	0.002967
58	0.002385	0.004682	0.003396	0.002803	0.004363	0.003408	0.003402
59	0.002634	0.005082	0.003855	0.003066	0.004904	0.003867	0.003861
60	0.002911	0.005565	0.004406	0.003348	0.005497	0.004413	0.004410
61	0.003318	0.006263	0.005185	0.003650	0.006135	0.005093	0.005139
62	0.003649	0.006899	0.005957	0.003966	0.006817	0.005847	0.005902
63	0.004122	0.007807	0.007034	0.004292	0.007545	0.006738	0.006886
64	0.004476	0.008639	0.007954	0.004624	0.008330	0.007605	0.007780
65	0.004823	0.009567	0.009013	0.004958	0.009189	0.008576	0.008795
66	0.005328	0.010861	0.010485	0.005287	0.010119	0.009693	0.010089
67	0.005656	0.012024	0.011712	0.005607	0.011119	0.010770	0.011241
68	0.005776	0.012975	0.012715	0.005916	0.012210	0.011910	0.012313
69	0.006057	0.014333	0.014096	0.006209	0.013435	0.013165	0.013631
70	0.006117	0.015450	0.015207	0.006485	0.014844	0.014561	0.014884
71	0.006925	0.017095	0.016857	0.007072	0.016080	0.015805	0.016331
72	0.008542	0.018981	0.018764	0.008246	0.017886	0.017625	0.018195
73	0.010967	0.021143	0.020958	0.010007	0.019406	0.019183	0.020071
74	0.014200	0.023587	0.023441	0.012354	0.021508	0.021322	0.022382
75	0.018241	0.026973	0.026859	0.015288	0.023178	0.023044	0.024952
76	0.023091	0.030063	0.029990	0.018809	0.025537	0.025445	0.027718
77	0.028749	0.034264	0.034221	0.022917	0.028814	0.028754	0.031488
78	0.035215	0.039012	0.038992	0.027612	0.031762	0.031734	0.035363
79	0.042490	0.044421	0.044416	0.032894	0.035067	0.035060	0.039738

