



AMERICAN BENEFITS  
COUNCIL

November 18, 2015

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(Retirement & Health Policy)  
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Dear Mark, Vicki, and Robert:

On behalf of the American Benefits Council (the "Council"), I am writing to highlight the need for guidance *extremely soon* with respect to section 503 of the Bipartisan Budget Act of 2015 (the "Budget Act"). I am also writing to offer our help and the help of our actuarial members in addressing this critical need.

The Council is a public policy organization representing principally Fortune 500 companies and other organizations that assist employers of all sizes in providing benefits to employees. Collectively, the Council's members either sponsor directly or provide services to retirement and health plans that cover more than 100 million Americans.

Section 503 of the Budget Act permits the use of blended substitute mortality tables that are based on a combination of the regulatory tables and plan experience, pursuant to established actuarial credibility theory. The existing funding regulations under Regulation § 1.430(h)(3)-2 depart from established actuarial credibility theory and do not permit the use of such blended substitute mortality tables. The Budget Act change

applies beginning with the 2016 plan year and does not require a change in the regulations for it to take effect.

We have many members that would like to use such blended substitute mortality tables for 2016. In this regard, we are facing a number of very difficult issues.

- **Timing:** In light of the timing pressures, we understand that some companies may consider simply submitting data to the IRS supporting the use of a blended table under established actuarial credibility theory, which is widely used for accounting purposes. See “Selecting Mortality Tables: A Credibility Approach”, by Gavin Benjamin (2008) (then the Chair of the Society of Actuaries’ Pension Section Retirement Plans Experience Committee). The concern is that there may be insufficient time for the IRS to develop and publish guidance and still have time to process applications in a timely way for 2016, the year for which the legislation takes effect under the statute. We would also like to discuss the alternative, which is expedited guidance on how to make such submissions and the deadlines for doing so. (Obviously, application of the submission deadlines in Revenue Procedure 2008-62 would be inconsistent with the statute.)
- **Processing issues:** There could easily be hundreds of such applications. This raises two very significant issues. First, processing hundreds of such applications, which may be complex, could strain IRS resources. Correspondingly, processing delays, albeit understandable, could frustrate Congressional intent to permit the use of blended tables. So we would strongly support “automatic approval” mechanisms, based, for example, on actuarial certifications and/or use of the same blended table for accounting purposes. Without such an approach, we are concerned that the intended ability to use blended tables could be indirectly denied.
- **Public/private partnership:** We understand that these are challenging issues being thrust upon Treasury and the IRS, which already have a full plate of issues. In this regard, our actuarial members, who in the aggregate provide the vast majority of retirement plan actuarial services in the country, would be very pleased to provide whatever help is needed with respect to guidance on submissions and automatic approval procedures.

\* \* \*

We thank you for your consideration of the issues addressed in this letter. In order to be as constructive as possible, we would very much like to schedule a meeting with Treasury, the IRS, and our actuarial members as soon as possible. Please let us know possible dates for such a meeting. We look forward to discussing these issues with you further.

Finally, we would like to thank you again for your prior guidance in IRS Notice 2015-53, which provided updated mortality tables for defined benefit pension plans for 2016. That guidance was very much needed.

Sincerely,

A handwritten signature in black ink that reads "Lynn D. Dudley". The signature is written in a cursive style with a large, prominent "L" and "D".

Lynn D. Dudley  
Senior Vice President,  
Global Retirement and Compensation  
Policy

cc:

Michael Brewer  
Kyle Brown  
Dominic DeMatties  
William Evans  
Lauson Green  
Linda Marshall  
Robert Neis  
Neil Sandhu  
Michael Spaid  
Laura Warshawsky  
Harlan Weller  
David Ziegler  
Carol Zimmerman