



# TaxNewsFlash

## United States

No. 2017-425  
October 3, 2017

### **Final regulations: Mortality tables for defined benefit pension plans**

The U.S. Treasury Department and IRS today released for publication in the Federal Register final regulations (T.D. 9826) prescribing mortality tables to be used by most defined benefit pension plans.

The tables in the [final regulations](#) [PDF 392 KB] specify the probability of survival year-by-year for an individual based on age, gender, and other factors. This information is used (together with other actuarial assumptions) to calculate the present value of a stream of expected future benefit payments for purposes of determining the minimum funding requirements for a defined benefit plan.

These mortality tables are also relevant in determining the minimum required amount of a lump-sum distribution from such a plan. In addition, today's release:

- Contains final regulations updating the requirements that a plan sponsor must meet to obtain IRS approval to use mortality tables specific to the plan for minimum funding purposes (instead of using the generally applicable mortality tables)
- Revises the methodology for developing the generally applicable mortality tables that are used to determine present value or make any computation under section 430
- Revises the rules regarding substitute mortality tables
- Sets forth a method for developing substitute mortality tables that is materially different from the method that is required under the 2008 substitute mortality table regulations
- Provides the method for developing substitute mortality tables that is set forth in the final regulations that is simpler than the prior graduation method that applies under the 2008 substitute mortality table regulations and also accommodates the

use of substitute mortality tables for plans with smaller populations that have only partially credible mortality experience.

## Related IRS guidance

The IRS in connection with the release of today's final regulations released two related guidance items:

- [Notice 2017-60](#) sets forth: (1) the mortality table to be used to determine minimum lump sums for distributions during stability periods beginning in the 2018 calendar year, and (2) updated mortality tables for 2018 determined under prior regulations. The updated mortality tables determined under prior regulations apply to certain plans with end-of-year valuation dates, and certain plans for which a transition option under new regulations is used for the 2018 plan year.
- [Rev. Proc. 2017-55](#) provides procedures for obtaining approval to use plan-specific mortality tables for pension funding purposes in lieu of the standard mortality tables that are generally required to be used.

The information contained in TaxNewsFlash is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader's knowledge on the matters addressed therein, and is not intended to be applied to any specific reader's particular set of facts. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at + 1 202.533.4366, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash-United States, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)