

# TaxNewsFlash

## United States

No. 2017-440  
October 10, 2017

### **Rev. Procs. 2017-56, 2017-57: Changes to defined benefit plan funding method**

The IRS today released two revenue procedures—Rev. Proc. 2017-56 and Rev. Proc. 2017-57—as guidance concerning approval for a change to the funding method used to determine the minimum funding standard for defined benefit plans, and procedures for requesting approval for a change in funding method.

#### **Rev. Proc. 2017-56**

In general, if the funding method of a plan is changed, the new funding method is effective only if the change is approved by the Treasury Secretary.

[\*\*Rev. Proc. 2017-56\*\*](#) [PDF 101 KB] updates Rev. Proc. 2000-40 and:

- Takes into account the provisions of section 430 as enacted under the *Pension Protection Act of 2006*
- Provides automatic approval for certain changes in funding method used for single-employer defined benefit plans for calculations described under section 430

Thus, Rev. Proc. 2017-56 provides automatic approval for certain changes in funding method for single-employer defined benefit plans for calculations described under section 430, and Rev. Proc. 2000-40 continues to provide automatic approval for certain changes in funding method for defined benefit plans that are not subject to the required minimum funding rules of section 430.

Rev. Proc. 2017-56 provides—among other guidance—approval for specified changes in funding method relating to:

- Changes in asset valuation method
- Changes in valuation date
- Change in treatment of benefits funded through insurance contracts

Rev. Proc. 2017-56 also provides approval for changes in funding method in special situations when there is a:

- Change in funding method for takeover plans
- Change in funding method due to change in valuation software
- Change in funding method due to a change in the selection of data elements
- Change in funding method for fully funded terminated years

The approval under Rev. Proc. 2017-56 for changes in funding method in connection with plan mergers applies for a:

- Change in funding method in connection with de minimis merger
- Change in funding method in connection with a merger of plans with the same plan year and merger date of the first or last day of the plan year
- Change in funding method in connection with a merger of plans with a transition period not exceeding 12 months

## **Rev. Proc. 2017-57**

[\*\*Rev. Proc. 2017-57\*\*](#) [PDF 101 KB] updates Rev. Proc. 2000-41 to take into account the enactment of subsequent legislation.

Rev. Proc. 2017-57 provides the procedures for:

- Obtaining IRS approval for a change in the funding method used for a defined benefit plan
- Obtaining approval of the IRS to revoke an election relating to interest rates pursuant to Code section 430(h)(2)(D)(ii) or section 430(h)(2)(E) (and the corresponding sections of ERISA)

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