



TaxNewsFlash

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Final and proposed regulations: Mortality tables for determining present value under defined benefit pension plans

The U.S. Treasury Department and IRS today released for publication in the Federal Register final regulations (T.D. 9983) prescribing mortality tables to be used for most qualified retirement plans that are defined benefit pension plans.

The [final regulations](#) [PDF 311 KB] (32 pages) apply to valuation dates occurring on or after January 1, 2024.

The mortality tables specify the probability of survival year-by-year for an individual based on age, gender, and other factors. The tables are 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. The tables are also relevant for determining the minimum required amount of a lump-sum distribution from such a plan.

The final regulations adopt proposed regulations published in April 2022 (read [TaxNewsFlash](#)), with certain changes, including: (1) a delay in the applicability date; (2) modifications in the mortality improvement rates to reflect the expected ongoing impact of the coronavirus (COVID-19) on mortality rates and to reflect the 0.78% annual cap on mortality improvement rates as required by section 335 of the SECURE 2.0 Act; and (3) a minor change related to the treatment of individuals who are not identified as male or female.

The Treasury Department and IRS today also released for publication in the Federal Register proposed regulations (REG-103525-23) that would update the requirements that a plan sponsor of a single-employer defined benefit plan must meet to obtain IRS approval to use mortality tables specific to the

plan in calculating present value for minimum funding purposes (as a substitute for the generally applicable mortality tables).

The [proposed regulations](#) [PDF 235 KB] (11 pages) are proposed to apply to plan years beginning on or after January 1, 2025. Until amendments to the plan-specific substitute mortality regulations are finalized—and an updated revenue procedure that reflects the final regulations is issued—the Treasury Department and the IRS will not require that any previously approved plan-specific substitute mortality tables be terminated pursuant to Treas. Reg. § 1.430(h)(3)-2(c)(6)(ii)(E).

Comments and requests for a public hearing are due by the date that is 60 days after the proposed regulations are published in the Federal Register, which is scheduled to be October 20, 2023.

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