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## IRS Issues Final Regulations on Updated Mortality Tables

By [Noel Whitehurst](#)

The IRS issued final regulations on October 3, 2017 describing the updated mortality tables used to measure single-employer defined benefit retirement plan liabilities under ERISA, starting in 2018. These tables are based on the RP-2014 mortality study published by the Society of Actuaries (SOA) and their most recently published projection of mortality improvement, Mortality Improvement Scale MP-2016. This is the same methodology the IRS outlined in the proposed regulations released in December of 2016. These mortality tables apply to the calculation of minimum funding requirements, determination of PBGC variable premiums and the minimum lump sum value of plan benefits under Internal Revenue Code section 417(e)(3).

The regulation does contain a provision allowing plan sponsors to “opt out” of the change in mortality basis for the 2018 plan year, if the plan sponsor determines the change “...would be administratively impracticable or would result in an adverse business impact that is greater than *de minimis*...” This option would only apply to the minimum funding calculations; minimum lump sum calculations of participant benefits must reflect new mortality regardless of this election. The PBGC may need to issue a technical update to confirm how this option would impact PBGC variable premium determinations.

Depending on plan design and demographics, the mortality update could result in a minimum funding liability increase of 3-5%. For more information on how the updated mortality tables will affect your plan’s required contributions and lump sum benefit payouts, please contact your plan’s actuary.

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