



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20244

MAR 14 2025

Release Number: 202523024

Release Date: 6/6/2025

UIL Code: 0431.00-00

Re: Request for automatic extension of amortization periods

Taxpayer =

(EIN: -)

Plan =

(EIN: - ; Plan No:)

Dear :

This letter constitutes notice that approval has been granted for your request for an automatic extension for amortizing the unfunded liabilities as of September 1, 2023, for the above-named Plan. This approval applies to such unfunded liabilities which are described in sections 431(b)(2)(B) and 431(b)(4) of the Internal Revenue Code ("Code"), and sections 304(b)(2)(B) and 304(b)(4) of the Employee Retirement Income Security Act of 1974 ("ERISA"). This extension is effective with the plan year beginning September 1, 2023 and applies to the eligible amortization charge bases as identified in your application submission and shown below. This approval will extend the amortization period of each amortization charge base shown below for 5 years.

Amortization Base Table

Description	Date Established	Initial Base Amount	Outstanding Balance as of 9/1/2023	Requested Extension (in years)
Experience Loss				5
Experience Loss				5
Assumption Change				5

The extension of the amortization periods of unfunded liabilities of the Plan was granted in accordance with Section 431(d)(1) of the Code. Section 431(d)(1)(A) of the Code requires the Secretary to extend the period of time required to amortize any unfunded liability of a plan for a period of time (not in excess of 5 years) if the plan submits an application meeting the criteria stated in Section 431(d)(1)(B) of the Code.

The Plan has submitted the required information to meet the criteria in Section 431(d)(1)(B) of the Code, including a certification from the Plan's actuary that:

- (i) Absent the extension under Section 431(d)(1)(A) of the Code, that Plan would have an accumulated funding deficiency in the current plan year or any of the 9 succeeding plan years,
- (ii) The Plan Sponsor has adopted a plan to improve the Plan's funding status,
- (iii) The Plan is projected to have sufficient assets to timely pay expected benefits and anticipated expenditures over the amortization period as extended, and
- (iv) The notice required under Section 431(d)(3)(A) has been provided, in accordance with section 3.05 of Rev. Proc. 2010-52.

In granting this ruling, it is expected that:

- (i) The Plan's assumptions and methods will be reviewed and updated as appropriate so that each prescribed assumption is applied in accordance with applicable law and regulations,
- (ii) Each other assumption is reasonable (taking into account the experience of the Plan and reasonable expectations) and such other assumptions, in combination, offer the best estimate of anticipated experience under the Plan, and
- (iii) The Plan Sponsor obtained the appropriate approvals for any changes in assumptions or funding methods (whether through an individual private letter ruling or by qualifying for automatic approvals available in the Code, Treasury Regulations or other generally applicable guidance).

Your attention is called to Section 412(c)(7) of the Code and Section 302(c)(7) of ERISA which describe the consequences that would result in the event the Plan is amended to increase benefits, change the rate in the accrual of benefits, or to change the rate of vesting while the amortization extension remains in place.

Section 412(c)(7)(A) of the Code states that no amendment of a plan which increases the liabilities of the plan by reason of any increase in benefits, any change in the accrual of benefits, or any change in the rate at which benefits become nonforfeitable under the plan shall be adopted if a waiver under this subsection or an extension of time under section 431(d) or section 433(d) is in effect with respect to the plan, or if a plan amendment described in subsection 412(d)(2) which reduces the accrued benefit of any participant has been made at any time in the preceding 12 months (24 months in the case of a multiemployer plan). If a plan is amended in violation of the preceding sentence, any such waiver, or extension of time, shall not apply to any plan year ending on or after the date on which such amendment is adopted.

Section 412(c)(7)(B) of the Code provides an exception and states that section 412(c)(7)(A) of the Code shall not apply to any plan amendment which (i) the Secretary determines to be reasonable and which provides for only de minimis increases in the liabilities of the plan, (ii) only repeals an amendment described in subsection 412(d)(2), or (iii) is required as a condition under part I of subchapter D of chapter 1.

On May 1, 2014, the Internal Revenue Service ("Service") issued a letter ruling approving the extension of certain eligible amortization charge bases, effective with the plan year beginning September 1, 2012. The Plan subsequently adopted an amendment, effective with the plan year beginning September 1, 2018. The amendment, in relevant part, increased the normal retirement age and unreduced early retirement age, for those whose first hour under the Plan was on or after September 1, 2018. The Plan, at that time, was being funded using the entry age normal actuarial cost method with a replacement-life methodology for calculating the entry age normal cost.

The Taxpayer represents that no participant in the September 1, 2018 valuation was yet subject to the post-September 1, 2018 benefit accruals, and the present value of benefits did not change. However, due to the replacement-life methodology used, the present value of future normal costs decreased and the reduction in the present value of future normal costs led to a corresponding increase in the entry age normal actuarial accrued liability.

Section 412(c)(7) of the Code does not differentiate or bifurcate an increase in liability between past service and future service. Further, the measurement of any increase in liability should be independent from the funding method that is used. Therefore, any increase in liability for purposes of section 412(c)(7) of the Code is most reasonably measured as an increase in the present value of benefits¹. Therefore, the Service agrees the amendment that became effective for the plan year beginning September 1, 2018, did not increase the liabilities of the Plan for purposes of section 412(c)(7) of the Code.

Please note that any amendment that increases liabilities for a profit-sharing plan or any other retirement plan (whether qualified or nonqualified) maintained by the Trustees of the Plan and covering participants of the Plan to which this ruling applies, would be considered an amendment for purposes of Section 412(c)(7) of the Code.

We are not expressing any opinion as to the accuracy or acceptability of any calculations or material submitted with the Taxpayer's request. Furthermore, we are not expressing any opinion whether any of the benefit provisions changed by the Plan, past or future,² constitute forfeitures of accrued benefits under Section 411(d)(6) of the Code, or are adjustable benefits under Section 432(e)(8) of the Code.

This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited by others as precedent.

Pursuant to a power of attorney on file with this office, a copy of this letter ruling is being sent to your authorized representative. Additionally, we have sent a copy of this letter to the Manager, Classification Group 4 in Houston, Texas.

¹ Present value of benefits = actuarial accrued liability + present value of future normal costs

² Amendment No. 8 adopted September 11, 2024

This letter ruling may be revoked or modified retroactively if there was a misstatement or omission of controlling facts, the facts at the time of the transaction are materially different from the controlling facts on which the letter ruling was based, or the transaction involves a continuing action or series of actions, and the controlling facts change during the course of the transaction.

If you require further assistance concerning this matter, please contact
(ID Badge Number) at () - .

Sincerely yours,

David M. Ziegler, Manager
Employee Plans Actuarial Group 2

cc:

Manager, Classification Group 4
Houston, Texas