



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D C. 20224

MAR 21 2025

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

Release Number: 202524014

Release Date: 6/13/2025

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 revised request for an automatic extension for amortizing certain unfunded liabilities as of May 1, 2024, 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 May 1, 2024 and applies to the eligible amortization charge bases as identified in your revised application submission and shown below. This approval will extend the amortization period of each amortization charge base shown below for 5 years.

Upon review of the Plan's original submission, dated September 11, 2024, the Internal Revenue Service ("the Service") discovered that three amortization bases included in the submission, one established on May 1, 2023 and two established on May 1, 2024, were either inconsistent with the amount shown in the Plan's May 1, 2023 actuarial valuation report, or were hypothetical in nature. The Service tentatively denied the Plan's application for an extension of amortization periods on January 14, 2025. The Service also offered a conference of right which was accepted and held with an authorized representative on January 30, 2025. All arguments were considered, including additional information provided on February 18, 2025.

During the conference of right, the Service offered a tentative approval if the Taxpayer agreed to revise its application to match the actuarial loss base from

the May 1, 2023 actuarial valuation report and to remove the two hypothetical May 1, 2024 charge bases. The Plan submitted such revisions, along with additional supporting information, on February 18, 2025.

Amortization Base Table

Description	Date Established	Outstanding Balance as of 5/1/2024	Years Remaining	Requested Extension (in years)
Plan Amendment				5
Plan Amendment				5
Plan Amendment				5
Plan Amendment				5
Plan Amendment				5
Plan Amendment				5
Assumption Change				5
Assumption Change				5
Plan Amendment				5
Actuarial Loss				5
Assumption Change				5
Actuarial Loss				5
Actuarial Loss				5
Actuarial Loss				5
Actuarial Loss				5

The extension of the amortization periods of unfunded liabilities of the Plan is 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).

Furthermore, we are not expressing any opinion as to the accuracy or acceptability of any calculation or material submitted with your request.

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. Please note that any amendment to a profit-sharing plan or any other retirement plans (whether qualified or unqualified) maintained by the Trustees of the Plan and covering participants of the Plan to which this ruling applies that has the effect of increasing the liabilities of those plans, would be considered an amendment for purposes of Section 412(c)(7) of the Code and section 302(c)(7) of ERISA.

The Service discussed the appropriateness of the Plan's mortality assumption, which does not adjust the base mortality tables using any generational projection scale, with the Plan's actuary during the conference of right. In the letter providing the revisions received on February 18, 2025, the Plan's actuary provided a discussion as to why they, in their professional judgement, believe the mortality assumption used for the May 1, 2023 valuation was reasonable. The Plan's actuary also indicated their intent to update the Plan's mortality assumption for the May 1, 2024 actuarial valuation and that their updated assumption will use a generational mortality scale to project rates to 2030.

For the May 1, 2024 PPA Status Certification for the Plan, the Plan's actuary relied on presumed approval of the Plan's submission for an amortization extension to satisfy certain criteria for emergence from Critical Status and certified the Plan as neither endangered nor critical status for the 2024 plan year. While this practice may be consistent with Section 3.09 of Rev. Proc. 2010-52, such submissions are subject to review by the Service, and if such submission for an amortization extension is ultimately denied, the Plan's PPA Status for the

year in question may require recertification. Actuaries should exercise caution when relying on an application for an amortization extension where it would change the plan's status under Section 432 of the Code.

Pursuant to a power of attorney of 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.

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.

This ruling is directly 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.

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

Sincerely yours,

David M. Ziegler, Manager
Employee Plans Actuarial Group 2

Enclosures

Notice 437 – Notice of Intention to Disclose
Copy of the letter ruling with proposed deletions

cc:

Manager, Classification Group 4, Houston, Texas