



## IRS Issues Final Regulations on Defined Benefit Plan Funding and Benefit Restrictions

*The IRS issued on October 7 long awaited final regulations on funding and benefit restriction provisions introduced by the Pension Protection Act of 2006 (PPA) for single-employer defined benefit plans. The IRS issued related guidance on September 25 (see our [September 25, 2009 For Your Information](#)).*

### Final Regulations

These regulations modify and finalize two sets of proposed regulations issued in 2007. The [final regulations](#) are quite lengthy, detailed, and complex, and provide much needed guidance including –

- automatic approval for changes in asset and interest rate methodology in 2008, 2009, and 2010
- automatic approval for certain changes from using segment interest rates in years after 2010
- rules regarding the establishment of, use of, and elections for credit balances
- clarification of the calculation of target normal cost
- rules regarding the use of special assumptions required for at-risk plans
- extension of the deadline for final AFTAP certification when range certifications were issued
- rules regarding the timing and issuance of AFTAP certifications
- clarification of rules regarding partial restrictions on accelerated benefit payments (e.g., lump sum benefits).

The IRS has yet to issue guidance on related important areas, such as participant notices about benefit restrictions, quarterly contributions, mergers/spinoffs, and expenses to be included in target normal cost.

Buck will shortly issue a more detailed *For Your Information* publication summarizing the key provisions of the regulations.

### Conclusion

Buck's consultants stand ready to discuss with you the effect these regulations will have on your plans.

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*This FYI is intended to provide general information. It does not offer legal advice or purport to treat all the issues surrounding any one topic.*