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UPDATE

Actuarial and Benefits News

IRS PUBLISHES GUIDANCE ON DB FUNDING RELIEF

Employers considering the election of pension funding relief under the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010, finally have guidance in Notice 2011-3 (<http://www.irs.gov/pub/irs-drop/n-11-03.pdf>) which will be published by the IRS in Internal Revenue Bulletin 2011-2 on January 10, 2011.

FUNDING RELIEF GUIDANCE

The published guidance provides special rules on funding relief for single-employer defined benefit plans, but the guidance also applies to multiple employer defined benefit pension plans.

The guidance is in a question and answer format, with examples and addresses some of the more pressing issues concerning how to compute the alternative amortization amounts and schedules, how to compute installment acceleration amounts (required if excess compensation is paid during the restriction period), the required content for sponsor elections, deadlines for elections, content for participant and beneficiary notices (model notice included), the process for notifying the PBGC, definitions of excess compensation and excess shareholder amounts, and coordination of funding relief elections with credit balance elections.

COMPLIANCE DEADLINES

Deadlines for complying under the guidance include:

- Deadline for Electing Relief is the **later of**:
 - The last day of the plan year for which the election is made
 - 30 days after the valuation date for the plan year for which the election is made
 - January 31, 2011
- Deadline for Notification to Participants and Beneficiaries is the **later of**:
 - 120 days after the end of the plan year for which an alternative amortization schedule is elected
 - May 2, 2011
- Deadline for Notification to PBGC is the **later of**:
 - 30 days after the date the election is made
 - January 31, 2011.

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