

(484) 574-8782

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Benefit Plan Audit Specialists

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IRS UPDATES MORTALITY IMPROVEMENT RATES & STATIC MORTALITY TABLES FOR 2020



In [Notice 2019-26](#), the IRS has provided updated mortality improvement rates and static mortality tables to be used for defined benefit pension plans under § 430(h)(3)(A) of the Internal Revenue Code (Code) and

section 303(h)(3)(A) of the Employee Retirement Income Security Act of 1974 (ERISA). These updated mortality improvement rates and static tables, which are being issued pursuant to the regulations under § 430(h)(3)(A), apply for purposes of calculating the funding target and other items for valuation dates occurring during the 2020 calendar year. The IRS notice also includes a modified unisex version of the mortality tables for use in determining minimum present value under § 417(e)(3) of the Code and section 205(g)(3) of ERISA for distributions with annuity starting dates that occur during stability periods beginning in the 2020 calendar year.

The mortality improvement rates for valuation dates occurring during 2020 are the mortality improvement rates in the Mortality Improvement Scale MP-2018 Report (issued by the Retirement Plans Experience Committee (RPEC) of the Society of Actuaries and available at <https://www.soa.org/Files/resources/experience-studies/2018/mortality-improvement-scale-mp-2018.pdf>). The IRS in [Notice 2018-12](#), provided mortality improvement rates and static mortality table that apply for valuation dates occurring during 2019.

The IRS also asks for comments on two matters:

- Whether or not an alternative model for developing mortality improvement rates from historical U.S. population mortality rates as described in Section 4 of the Mortality Improvement Scale MP-2018 Report RPEC

should be used to determine the mortality improvement rates that apply under § 430(h)(3)(A) for future years?
And

- Whether future updates to the mortality improvement rates under §1.430(h)(3)-1 should be delayed until the cumulative changes to expected mortality rate reach a particular magnitude?



Plan sponsors should read Notice 2019-26 and work with their actuaries to understand the impact that Notice 2019-26 will have on their plan including and funding requirements.



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Who We Are

Torrillo & Associates, LLC specializes in employee benefit

plan audits including 401k audits, 403b audits, pension plan audits, and other retirement plan audits. We are licensed in 10 states including Pennsylvania, New Jersey, Delaware, New York and Florida. We are also able to practice in additional states that have passed firm mobility.

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