

Updated Mortality Improvement Rates and Static Mortality Tables for Defined Benefit Pension Plans for 2021

Notice 2019-67

PURPOSE

This notice specifies 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, Pub. L. No. 93-406, as amended (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 2021 calendar year.

This 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 2021 calendar year.

BACKGROUND

Section 412 of the Code provides minimum funding requirements that generally apply for defined benefit plans. Section 412(a)(2) provides that § 430 sets forth the minimum funding requirements that apply to defined benefit plans that are not multiemployer plans or CSEC plans. Section 430(a) defines the minimum required contribution for such a plan by reference to the plan's funding target for the plan year. Under § 430(d)(1), a plan's funding target for a plan year generally is the present value of all benefits accrued or earned under the plan as of the first day of that plan year.

Section 430(h)(3) provides rules regarding the mortality tables that generally are used under § 430. Under § 430(h)(3)(A), except as provided in § 430(h)(3)(C) or (D), the Secretary is to prescribe by regulation mortality tables to be used in determining any present value or making any computation under § 430. Those tables are to be based on the actual experience of pension plans and projected trends in that experience. Section 430(h)(3)(B) requires the Secretary to revise any table in effect under § 430(h)(3)(A) at least every 10 years to reflect the actual experience of pension plans and projected trends in that experience.

Section 430(h)(3)(C) provides that, upon request by a plan sponsor and approval by the Secretary, substitute mortality tables that meet the applicable requirements may be used in lieu of the standard mortality tables provided under

§ 430(h)(3)(A). Section 430(h)(3)(D) provides for the use of separate mortality tables with respect to certain individuals who are entitled to benefits on account of disability.

Mortality Tables for Purposes of § 430

Section 1.430(h)(3)-1 provides rules regarding the mortality tables used under § 430(h)(3)(A) for plan years beginning on or after January 1, 2018. The mortality tables used under § 430(h)(3)(A) are based on the tables in the RP-2014 Mortality Tables Report,¹ adjusted for mortality improvement. Section 1.430(h)(3)-1(d) sets forth base mortality tables with a base year of 2006.

Section 1.430(h)(3)-1(a) permits plan sponsors to apply the projection of mortality improvement in either of two ways: through use of static tables that are updated annually to reflect expected improvements in mortality or through use of generational tables. Section 1.430(h)(3)-1(a)(2)(i)(C) provides that, for valuation dates occurring in years after 2018, updated mortality improvement rates that take into account new data for mortality improvement trends of the general population, along with static mortality tables that reflect those updated mortality improvement rates, will be provided through guidance published in the Internal Revenue Bulletin. Notice 2018-2, 2018-2 I.R.B. 281, and Notice 2019-26, 2019-15 I.R.B. 943, provide mortality improvement rates and static mortality tables that apply for valuation dates occurring during 2019 and 2020, respectively.

Section 1.430(h)(3)-2 provides rules for the use of substitute mortality tables that are based on the mortality experience of the plan. Pursuant to § 1.430(h)(3)-2(c)(3)(ii), substitute mortality tables are developed using the mortality improvement rates used under § 1.430(h)(3)-1.

Application of These Tables for Other Funding Rules

Section 431 provides the minimum funding standards for multiemployer plans described in § 414(f) that are subject to § 412. Section 431(c)(6)(D)(iv) provides that the Secretary may by regulation prescribe mortality tables to be used in determining current liability for purposes of § 431(c)(6)(B). Section 1.431(c)(6)-1 provides that the same mortality assumptions that apply for purposes of § 430(h)(3)(A) and § 1.430(h)(3)-1(a)(2) are used to determine a multiemployer plan's current liability for purposes of applying the full-funding rules of § 431(c)(6). For this purpose, a multiemployer plan may apply either the static mortality tables or the generational mortality tables (as updated pursuant to § 1.430(h)(3)-1(a)(2)(i)(C) and (a)(3)).

Section 433 provides the minimum funding standards for CSEC plans described in § 414(y). Section 433(h)(3)(B)(i) provides that the Secretary may by

¹ The RP-2014 Mortality Tables Report, as revised November 2014, is available at <https://www.soa.org/Files/Research/Exp-Study/research-2014-rp-report.pdf>.

regulation prescribe mortality tables to be used in determining current liability for purposes of § 433(c)(7)(C). Section 1.433(h)(3)-1(a) provides that the mortality tables described in § 430(h)(3)(A) are to be used to determine current liability under § 433(c)(7)(C).

Application of Mortality Tables for Minimum Present Value Requirements under § 417(e)(3)

Section 417(e)(3) generally provides that the present value of certain accelerated forms of benefit under a qualified pension plan (including single-sum distributions) must not be less than the present value of the accrued benefit using applicable interest rates and the applicable mortality table. Section 417(e)(3)(B) defines the term “applicable mortality table” as the mortality table specified for the plan year under § 430(h)(3)(A) (without regard to § 430(h)(3)(C) or (D)), modified as appropriate by the Secretary.

Rev. Rul. 2007-67, 2007-2 CB 1047, provides that, except as otherwise stated in future guidance, the applicable mortality table under § 417(e)(3) is a static mortality table set forth in published guidance that is developed based on a fixed blend of 50 percent of the static male combined mortality rates and 50 percent of the static female combined mortality rates used under § 1.430(h)(3)-1. Rev. Rul. 2007-67 also provides that the applicable mortality table for a calendar year applies to distributions with annuity starting dates that occur during stability periods that begin during that calendar year.

MORTALITY IMPROVEMENT RATES FOR 2021

The mortality improvement rates for valuation dates occurring during 2021 are the mortality improvement rates in the Mortality Improvement Scale MP-2019 Report (issued by the Retirement Plans Experience Committee (RPEC) of the Society of Actuaries and available at <https://www.soa.org/resources/experience-studies/2019/mortality-improvement-scale-mp-2019/>).

STATIC MORTALITY TABLES FOR 2021

The static mortality tables that apply under § 430(h)(3)(A) for valuation dates occurring during 2021 are set forth in the appendix to this notice. The mortality rates in these tables have been developed from the methodology and base mortality rates set forth in § 1.430(h)(3)-1(c) and (d) using the mortality improvement rates specified in the previous section of this notice.

The static mortality table that applies under § 417(e)(3) for distributions with annuity starting dates occurring during stability periods beginning in 2021 is set forth in the appendix to this notice in the column labeled “Unisex.” The mortality rates in this table are derived from the mortality tables specified under

§ 430(h)(3)(A) for 2021 in accordance with the procedures set forth in Rev. Rul. 2007-67.

REQUEST FOR COMMENTS

As provided in § 430(h)(3)(B), the Department of the Treasury (Treasury Department) is required to revise the mortality tables used under § 430(h)(3)(A) at least every 10 years to reflect the actual mortality experience of pension plans and projected trends in that experience.² On October 23, 2019, RPEC released the Pri-2012 Private Retirement Plans Mortality Tables Report (the Pri-2012 Mortality Tables Report).³ The mortality tables in that report are based on a study of mortality experience of private-sector defined benefit pension plans in the United States covering calendar years 2010 through 2014. Comments are requested as to whether there are other studies of actual mortality experience of individuals covered by pension plans and projected trends in that experience that should be considered for use in developing mortality tables for future use under § 430.⁴ For example, should the mortality tables under § 430(h)(3)(A) be developed taking into account studies that examine the mortality experience of individuals covered by large public-sector pension plans, such as RPEC's Pub-2010 Public Retirement Plans Mortality Tables Report?⁵ In addition, comments are requested as to which of the tables in the Pri-2012 Mortality Tables Report should be used to develop § 430(h)(3)(A) mortality tables, if the Pri-2012 Mortality Tables Report were to be used for that purpose. For example, should the § 430(h)(3)(A) mortality tables include separate retiree and contingent survivor tables, as are provided in the Pri-2012 Mortality Tables Report?

Any comments must be received by February 28, 2020. Taxpayers may submit comments electronically via the Federal eRulemaking Portal at www.regulations.gov (indicate IRS and Notice 2019-0053). Alternatively, taxpayers may submit hard copy submissions to:

CC:PA:LPD:PR (Notice 2019-67), Room 5203, Internal Revenue Service
P.O. Box 7604
Ben Franklin Station
Washington, D.C., 20044

² The Treasury Department is required to review the mortality tables used to determine the current liability for multiemployer plans and CSEC plans every 5 years under §§ 431(c)(6)(D)(vi) and 433(h)(3)(B)(ii), respectively.

³ The Pri-2012 Mortality Tables Report is available at <https://www.soa.org/globalassets/assets/files/resources/experience-studies/2019/pri-2012-mortality-tables-report.pdf>.

⁴ The mortality tables developed for future use under § 430 would also be used for the other purposes specified in this notice for which the mortality tables under § 430 are used.

⁵ The Pub-2010 Public Retirement Plans Mortality Report is available at <https://www.soa.org/globalassets/assets/files/resources/research-report/2019/pub-2010-mort-report.pdf>.

Submissions may be hand-delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to:

CC:PA:LPD:PR (Notice 2019-67), Courier's Desk, Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington, D.C. 20224
Attn: CC:PA:LPD:PR

All comments received will be available for public inspection on www.regulations.gov.

Drafting Information

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APPENDIX

Mortality Tables for 2021

**Valuation Dates Occurring During 2021 and
Distributions Subject to § 417(e)(3) with Annuity Starting Dates During
Stability Periods Beginning in 2021**

	Male	Male	Male	Female	Female	Female	Unisex
Age	2021 Non- Annuitant Table	2021 Annuitant Table	2021 Optional Combined Table for Small Plans	2021 Non- Annuitant Table	2021 Annuitant Table	2021 Optional Combined Table for Small Plans	2021 Table for Distributions Subject to § 417(e)(3)
0	0.003638	0.003638	0.003638	0.003191	0.003191	0.003191	0.003415
1	0.000213	0.000213	0.000213	0.000200	0.000200	0.000200	0.000207
2	0.000146	0.000146	0.000146	0.000132	0.000132	0.000132	0.000139
3	0.000122	0.000122	0.000122	0.000099	0.000099	0.000099	0.000111
4	0.000096	0.000096	0.000096	0.000075	0.000075	0.000075	0.000086
5	0.000085	0.000085	0.000085	0.000069	0.000069	0.000069	0.000077
6	0.000077	0.000077	0.000077	0.000064	0.000064	0.000064	0.000071
7	0.000069	0.000069	0.000069	0.000060	0.000060	0.000060	0.000065
8	0.000059	0.000059	0.000059	0.000056	0.000056	0.000056	0.000058
9	0.000048	0.000048	0.000048	0.000052	0.000052	0.000052	0.000050
10	0.000041	0.000041	0.000041	0.000049	0.000049	0.000049	0.000045
11	0.000043	0.000043	0.000043	0.000051	0.000051	0.000051	0.000047
12	0.000066	0.000066	0.000066	0.000060	0.000060	0.000060	0.000063
13	0.000087	0.000087	0.000087	0.000068	0.000068	0.000068	0.000078
14	0.000109	0.000109	0.000109	0.000076	0.000076	0.000076	0.000093
15	0.000131	0.000131	0.000131	0.000084	0.000084	0.000084	0.000108
16	0.000153	0.000153	0.000153	0.000091	0.000091	0.000091	0.000122
17	0.000177	0.000177	0.000177	0.000097	0.000097	0.000097	0.000137
18	0.000202	0.000202	0.000202	0.000103	0.000103	0.000103	0.000153
19	0.000230	0.000230	0.000230	0.000107	0.000107	0.000107	0.000169
20	0.000256	0.000256	0.000256	0.000108	0.000108	0.000108	0.000182
21	0.000290	0.000290	0.000290	0.000112	0.000112	0.000112	0.000201
22	0.000324	0.000324	0.000324	0.000114	0.000114	0.000114	0.000219
23	0.000349	0.000349	0.000349	0.000120	0.000120	0.000120	0.000235
24	0.000366	0.000366	0.000366	0.000125	0.000125	0.000125	0.000246
25	0.000356	0.000356	0.000356	0.000129	0.000129	0.000129	0.000243
26	0.000352	0.000352	0.000352	0.000135	0.000135	0.000135	0.000244
27	0.000355	0.000355	0.000355	0.000143	0.000143	0.000143	0.000249
28	0.000364	0.000364	0.000364	0.000151	0.000151	0.000151	0.000258
29	0.000379	0.000379	0.000379	0.000161	0.000161	0.000161	0.000270

30	0.000397	0.000397	0.000397	0.000175	0.000175	0.000175	0.000286
31	0.000420	0.000420	0.000420	0.000189	0.000189	0.000189	0.000305
32	0.000446	0.000446	0.000446	0.000206	0.000206	0.000206	0.000326
33	0.000471	0.000471	0.000471	0.000223	0.000223	0.000223	0.000347
34	0.000494	0.000494	0.000494	0.000241	0.000241	0.000241	0.000368
35	0.000515	0.000515	0.000515	0.000258	0.000258	0.000258	0.000387
36	0.000531	0.000531	0.000531	0.000274	0.000274	0.000274	0.000403
37	0.000548	0.000548	0.000548	0.000292	0.000292	0.000292	0.000420
38	0.000566	0.000566	0.000566	0.000311	0.000311	0.000311	0.000439
39	0.000586	0.000586	0.000586	0.000332	0.000332	0.000332	0.000459
40	0.000611	0.000611	0.000611	0.000354	0.000354	0.000354	0.000483
41	0.000638	0.000645	0.000638	0.000377	0.000375	0.000377	0.000508
42	0.000672	0.000731	0.000673	0.000403	0.000426	0.000403	0.000538
43	0.000716	0.000866	0.000718	0.000433	0.000506	0.000433	0.000576
44	0.000768	0.001045	0.000773	0.000467	0.000615	0.000467	0.000620
45	0.000830	0.001269	0.000840	0.000505	0.000753	0.000507	0.000674
46	0.000903	0.001538	0.000920	0.000549	0.000922	0.000555	0.000738
47	0.000987	0.001856	0.001015	0.000600	0.001126	0.000613	0.000814
48	0.001082	0.002226	0.001123	0.000656	0.001368	0.000680	0.000902
49	0.001188	0.002656	0.001248	0.000718	0.001652	0.000757	0.001003
50	0.001307	0.003150	0.001390	0.000789	0.001982	0.000849	0.001120
51	0.001440	0.003375	0.001536	0.000869	0.002094	0.000941	0.001239
52	0.001591	0.003617	0.001730	0.000961	0.002234	0.001056	0.001393
53	0.001750	0.003855	0.001951	0.001065	0.002404	0.001192	0.001572
54	0.001929	0.004108	0.002210	0.001183	0.002607	0.001352	0.001781
55	0.002133	0.004386	0.002598	0.001314	0.002845	0.001604	0.002101
56	0.002372	0.004697	0.003110	0.001458	0.003116	0.001932	0.002521
57	0.002655	0.005048	0.003560	0.001614	0.003423	0.002230	0.002895
58	0.002991	0.005442	0.004070	0.001781	0.003766	0.002551	0.003311
59	0.003388	0.005887	0.004634	0.001956	0.004143	0.002910	0.003772
60	0.003850	0.006382	0.005276	0.002140	0.004550	0.003334	0.004305
61	0.004384	0.006930	0.005998	0.002335	0.004990	0.003876	0.004937
62	0.004989	0.007529	0.006793	0.002540	0.005460	0.004467	0.005630
63	0.005668	0.008181	0.007654	0.002757	0.005954	0.005161	0.006408
64	0.006426	0.008892	0.008486	0.002992	0.006490	0.005805	0.007146
65	0.007256	0.009654	0.009374	0.003245	0.007065	0.006512	0.007943
66	0.008085	0.010500	0.010336	0.003594	0.007707	0.007344	0.008840
67	0.008991	0.011430	0.011310	0.003980	0.008416	0.008135	0.009723
68	0.009994	0.012469	0.012380	0.004418	0.009223	0.008994	0.010687
69	0.011119	0.013649	0.013577	0.004912	0.010131	0.009936	0.011757
70	0.012363	0.014964	0.014896	0.005474	0.011166	0.010973	0.012935
71	0.013770	0.016465	0.016402	0.006114	0.012341	0.012151	0.014277
72	0.015355	0.018167	0.018109	0.006839	0.013668	0.013483	0.015796

