



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

201428017

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

APR 18 2014

SE:T:EP:RA:A2

Re:

Sponsor =

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201428017

D4 =

FROZEN DATE =

AMOUNT =

Dear

This letter constitutes notice that conditional approval has been granted to extend the amortization period for amortizing the unfunded liabilities (described in section 412(b)(2)(B) of the Internal Revenue Code (the "Code") and section 302(b)(2)(B) of the Employee Retirement Income Security Act of 1974 (ERISA) of the Plan prior to amendment by the Pension Protection Act of 2006 ("PPA '06")¹. The extension is granted for the amortization period for amortizing unfunded liabilities of the Plan for the plan year beginning January 1, 2013.

The particular unfunded liability for which the extension of the amortization period is granted is the single amortization base of the plan created by combining the existent amortization bases as of January 1, 2013, using the methodology described in section 1.412(b)-1(d) of the (proposed) income tax regulations. The remaining amortization period of this single amortization base (before extension) was 5.35 years. The extension granted to this amortization base is 4.65 years. Accordingly, the remaining amortization period of this amortization base (after extension) is 10.00 years.

The extension of the amortization period of the unfunded liabilities of the Plan has been granted in accordance with section 412(e) of the Code and section 304(a) of ERISA. Section 412(e) of the Code and section 304(a) of ERISA authorize the Secretary to extend the period of time required to amortize any unfunded liability (described in section 412(b)(2)(B) of the Code and section 302(b)(2)(B) of ERISA) of a plan for a period of time (not in excess of 10 years) if the Secretary determines that such extension would carry out the purposes of ERISA and would provide adequate protection for participants under the plan and their beneficiaries and if the Secretary determines that the failure to permit such extension would (1) result in (A) a substantial risk to the voluntary continuation of the plan, or (B) a substantial curtailment of pension benefit levels or employee compensation, and (2) be adverse to the interests of plan participants in the aggregate.

Section 101 of Reorganization Plan No. 4 of 1978, 1979-1 C.B. 480, transferred the authority for issuing rulings under section 304(a) of ERISA from the Secretary of Labor to the Secretary of the Treasury. Accordingly, the amortization period for amortizing the

¹ The Plan is not subject to the PPA '06 minimum funding requirements until 2017.

unfunded liabilities of the Plan is extended as described above under section 412(e) of the Code and section 304(a) of ERISA.

The Plan was established in YYYY, a year prior to 1988, and is a multiple employer plan within the meaning of section 413(c) of the Code². The Plan was approximately F percent funded as of January 1, 2013. The Plan was frozen effective FROZEN DATE.

The Plan covers the employees of N employers. The Plan's pension contribution is generally allocated to each employer in proportion to the aggregate accrued liability of the employer's employees. Should an employer withdraw from the Plan (e.g., because the employer ceased operations) the pension obligations with respect to the former employees of that employer would be funded by the remaining employers.

In 2013, N₁ of the N employers had working capital sufficient to cover M1 or less months of operating expenses, and an additional N₂ of the employers had working capital sufficient to cover M2 or less months of operating expenses. Together, these employers contribute approximately C1 percent of the total contributions to the Plan.

By 2016, the Sponsor forecasts that N₃ of the N employers will have working capital sufficient to cover M1 or less months of operating expenses, and an additional N₄ of the employers will have working capital sufficient to cover M2 or less months of operating expenses. Together, these employers are forecast to be contributing approximately C2 percent of the total contributions to the Plan.

Although a significant number of the employers are in financial duress, in the aggregate the employers have a strong balance sheet. If aggregated, the assets of the N employers would be in excess of liabilities (other than pension liabilities) of the N employers by approximately AMOUNT.

Without funding relief, the average minimum required contribution for the Plan between 2013 and 2016 is forecast to be over \$D1 annually. However, the Sponsor represents that, collectively, the employers can contribute no more than \$D2 annually without possibly causing a significant proportion of the employers who are in financial distress to cease operations. If contributions of \$D2 (or more) are annually made to the Plan, the funded ratios of the Plan are forecast to steadily increase.

² Because the Plan was established before December 31, 1988, and the plan administrator did not elect to have the provisions of section 413(c)(4)(A) apply, the funding requirements for the Plan are determined as if all participants in the Plan were employed by a single employer.

The amortization period extension should result in annual minimum required contributions of less than \$D2. However, because the Plan is under-funded, we are granting this extension subject to the following conditions:

1. A single amortization charge base is to be created by combining the existing amortization bases in the Plan's funding standard account as of January 1, 2013, using the methodology described in section 1.412(b)-1(d) of the (proposed) income tax regulations, and extending the resulting amortization period for that single base from a period of 5.35 years to a period of 10.00 years (i.e., an extension of 4.65 years).
2. For the calendar year beginning January 1, 2013, and for each succeeding calendar year until the Plan's funded ratio is no less than 100%, or, if earlier, the Plan is subject to the minimum funding requirements of the Pension Protect Act of 2006, the employers shall collectively contribute the greater of the following two amounts to the Plan.
 - (A) \$D2; or
 - (B) The amount required to satisfy the minimum funding requirements for the year.

For this purpose, the Plan's funded ratio (expressed as a percentage) for a year is a fraction, the numerator of which is the fair market value of the Plan's assets for that year and the denominator of which is the applicable Funding Target of the Plan as defined under section 430(d)(1) of the Code (even if the Plan is not otherwise subject to the requirements of that section) for that year. Thus, for all years the Plan's funded ratio will be determined using actuarial assumptions and methods that satisfy (or would satisfy if the Plan were subject to the requirements of section 430) the requirements of section 430(h) of the Code.

For the sole purpose of satisfying this condition, contributions in excess of the greater of \$D2 and the amount required to satisfy the minimum requirements for a year may be carried forward to succeeding years. Thus, for example, if \$D3 is contributed for a year when the minimum required contributions is less than or equal to \$D2, the condition would be satisfied if \$D4 is contributed in a succeeding year provided \$D4 is greater than the minimum required contribution for that succeeding year.

You acknowledged acceptance of these conditions by letter dated April 2, 2014.

If either of these conditions is not satisfied, the approval to extend the amortization period for amortizing the unfunded liabilities would be retroactively null and void.

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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.

We have sent a copy of this letter to the Manager, Employee Plans Classification in Baltimore, Maryland, to the Manager, EP Compliance Unit in Chicago, Illinois, and to your authorized representative pursuant to a power of attorney on file in this office. A copy should be furnished to the enrolled actuary for the plan.

This ruling is directed 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.

When filing Form 5500 for the plan year ending December 31, 2013, the date of this letter should be entered on the Schedule B (Actuarial Information).

If you have any questions regarding this matter, please contact
(ID#) at

Sincerely yours,

David M. Ziegler, Manager
Employee Plans, Actuarial Group 2

cc: