IRS Issues Additional MAP-21 Segment Rate Guidance

September 20, 2012

IRS Notice 2012-61 provides further guidance relating to the 25-year average interest segment rates for pension funding reflected in the Moving Ahead for Progress in the 21 Century Act ("MAP-21") legislation enacted earlier this year.?Ã¡ This follows earlier guidance issued by the IRS in Notice 2012-55, as reported in our August 21 update.?Ã¡ IRS Notice 2012-61 presents general guidance on the application of the adjusted segment rates; outlines the various Internal Revenue Code provisions to which the adjusted rates do and do not apply; addresses how the adjusted segment rates apply to interest crediting rates for hybrid plans, such as cash balance plans; sets forth certain transition rules; outlines the processes for the elections permitted under MAP-21 regarding the time of applicability of the adjusted segment rates; and describes reporting under Schedule SB.?Ã¡ The Notice also announced that the regulations to be issued on market rates of return for interest crediting under hybrid plans will not be effective for plan years beginning before January 1, 2014.?Ã¡ A copy of IRS Notice 2012-61 can be viewed **here**.