

IRS Issues Guidance on Funding Relief for Pension Plans

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Generally, single-employer defined benefit pension plans must amortize shortfalls in funding over seven years. However, certain relief from the seven-year period was enacted this year. The IRS has issued Notice 2011-3, which provides guidance on the rules on funding relief for these plans (including multiple employer plans). The notice is presented in question and answer format and provides guidance on various topics, including the general rules for funding relief, questions relating to the effects on funding relief of installment acceleration amounts (including calculation of excess compensation amounts, excess shareholder payment amounts, and the impact of mergers and acquisitions), and elections to use an alternative amortization schedule. The notice also answers questions about notice and reporting requirements and transition rules. A copy of the notice can be found [here](#).