IRS Releases Pension Smoothing Guidance for Single-Employer Pension Plans

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The Highway and Transportation Funding Act of 2014 (?ÃÂ£***HATFA***?ÃÂ¥) extended for five years the funding stabilization provisions for single-employer defined benefit pension plans that were included in MAP-21. The IRS recently released Notice 2014-53 providing guidance on the funding stabilization rules after the passage of HATFA. The Notice, among other things, provides that a plan sponsor may irrevocably elect to defer, until the first plan year beginning on or after January 1, 2014, the use of the HATFA rates, either for all purposes or solely for purposes of Internal Revenue Code (?ÃÂ£***Code***?ÃÂ¥) Section 436 funding-based limits on benefits and benefit accruals. The deferral requires the plan sponsor to provide written notice to the plan?ÃÃs enrolled actuary and plan administrator by the later of (i) the deadline for filing the plan?ÃÃs 2013 Form 5500, including extensions, or (ii) December 31, 2014. However, an election to defer the plan?ÃÃs use of the HATFA rates until the 2014 plan year is deemed made if the plan?ÃÃs 2013 Form 5500 is filed and its Schedule SB reflects the MAP-21 rates, rather than the HATFA rates. A copy of Notice 2014-53 is available **here**.

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