



# AMERICAN ACADEMY *of* ACTUARIES

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January 28, 2005

Mr. Paul T. Shultz  
Director, Rulings and Agreements  
Internal Revenue Service  
1111 Constitution Ave, NW  
Washington, DC 20224

Dear Mr. Shultz:

On behalf of the American Academy of Actuaries'<sup>1</sup> Multiemployer Plans Task Force, I would like to thank you and your colleagues for giving us the opportunity to discuss with you the issues around amortization relief for multiemployer plans under IRC Section 412(e). As discussed, some multiemployer plans are facing funding deficiencies that could be relieved if granted an extension under 412(e). However, because of issues related to the low statutory interest rate that applies to the determination of payments during the extension period, those plans that have filed applications (between 20 and 30) have not been given any guidance as to if, and/or when, they would be granted such relief.

Unfortunately, the delay (close to two years in some cases) could have a negative impact on the decisions made by plan trustees and collective bargaining parties. In certain situations, the uncertainty surrounding funding relief is causing some employers to explore exit strategies from the plans to which they contribute. By not providing this statutory relief in a timely manner, some multiemployer plans will unnecessarily face critical funding and benefit design decisions, with adverse consequences to participants' benefits and the PBGC.

We understand that procedures for dealing with these pending applications have been drafted and are being reviewed by your legal counsel. We hope that this review, as well as review by the DOL and the PBGC, is carried out with the sense of urgency that this issue deserves.

Again, we thank you for meeting with representatives from our task force and look forward to providing any assistance to you as you move forward. Please feel free to contact Heather Jerbi, the Academy's senior pension policy analyst ([Jerbi@actuary.org](mailto:Jerbi@actuary.org); 202.785.7869), if you have any questions or would like to discuss this matter further.

Sincerely,

James J. McKeogh  
Chairperson, Multiemployer Plans Task Force  
American Academy of Actuaries

cc: William F. Sweetnam, Jr., Department of Treasury  
Martin Pippins, Internal Revenue Service  
Nancy J. Marks, Internal Revenue Service  
Carol D. Gold, Internal Revenue Service

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<sup>1</sup> The American Academy of Actuaries is the public policy organization for actuaries of all specialties within the United States. In addition to setting qualification standards and standards of actuarial practice, a major purpose of the Academy is to act as the public information organization for the profession. The Academy is nonpartisan and assists the public policy process through the presentation of clear actuarial analysis. The Academy regularly prepares testimony for Congress, provides information to federal and state elected officials, regulators and congressional staff, comments on proposed federal and state regulations and legislation, and works closely with state officials on issues related to insurance. The Academy also develops and upholds actuarial standards of conduct, qualifications and practice, and the Code of Professional Conduct for all actuaries practicing in the United States.