Part III – Administrative, Procedural and Miscellaneous

Asset Valuation under Section 430(g)(3)(B) as amended by WRERA

Notice 2009-22

I. PURPOSE

This notice provides interim rules regarding asset valuation methods that are permitted to be used by single employer defined benefit pension plans for minimum funding purposes pursuant to changes made by the Worker, Retiree, and Employer Recovery Act of 2008, Public Law 110-458 (WRERA). This notice also provides automatic approval for a change in asset valuation method for plan years beginning during 2009 to adopt any permissible asset valuation method.

II. BACKGROUND

Section 412 of the Internal Revenue Code (the Code) provides minimum funding requirements that generally apply for defined benefit pension plans. Section 412(d)(1) provides that any change in funding method is permitted to take effect only if it is approved by the Secretary. A change in the plan's funding method includes a change in the method for determining the value of the plan's assets, a change in the method for determining the plan's liabilities, or a change in the plan's valuation date.

Section 430, which was added by the Pension Protection Act of 2006, Public Law 109-280 (PPA '06), provides rules for the determination of the minimum required contribution applicable to single employer pension plans (including multiple employer plans) pursuant to § 412. Section 430 is generally effective for plan years beginning on or after January 1, 2008.

Section 430(g)(1) provides that all determinations made under § 430 for a plan year must be made as of the plan's valuation date. Section 430(g)(2) provides that the valuation date for a plan year must be the first day of the plan year, except in the case of a plan with 100 or fewer participants (determined as provided in § 430(g)(2)(B) and (C)).

Section 430(g)(3) provides rules regarding the determination of the value of plan assets for purposes of § 430. Under § 430(g)(3)(A), except as provided in § 430(g)(3)(B), the fair market value of plan assets must be used for this purpose. As an alternative to the use of fair market value, § 430(g)(3)(B) permits the use of an actuarial value of assets based on the average of fair market values, but only if such method is permitted under regulations prescribed by the Secretary, does not provide for averaging of such values over more than the period beginning on the last day of the 25th month preceding the

month in which the valuation date occurs and ending on the valuation date (or a similar period in the case of a valuation date that is not the 1st day of a month), and does not result in a determination of the actuarial value of plan assets that, at any time, is lower than 90 percent or greater than 110 percent of the fair market value of plan assets as of the valuation date.

Section 436 provides certain limitations on a defined benefit plan that are based on the funded status of the plan. For this purpose, the funding status of the plan is based on the adjusted funding target attainment percentage, which in turn is based in part on the value of plan assets as determined under § 430.

Prior to amendment by WRERA, the last sentence of § 430(g)(3)(B) provided that any averaging under § 430(g)(3)(B) must be adjusted for contributions and distributions (as provided by the Secretary). Section 121(b) of WRERA amended the last sentence of § 430(g)(3)(B) to provide that any averaging under § 430(g)(3)(B) must be adjusted for contributions, distributions, and expected earnings (as determined by the plan's actuary on the basis of an assumed earnings rate specified by the actuary, but not in excess of the third segment rate applicable under § 430(h)(2)(C)(iii)), as specified by the Secretary. This WRERA change is effective for the same periods as the PPA ’06 provision that it amends.

On December 31, 2007, proposed regulations under §§ 430(d), 430(g), 430(h), and 430(i) were published in the Federal Register (72 FR 74215) (the proposed regulations). Section 1.430(g)-1(c)(2) of the proposed regulations provides rules for a permissible asset valuation method based on the average of fair market values of plan assets, in accordance with § 430(g)(3)(B), prior to amendment by WRERA. Under this asset valuation method, the actuarial value of assets is the average of the fair market value of assets on the valuation date and the adjusted fair market value of assets determined as of one or more earlier determination dates. The adjusted fair market value of assets as of a determination date is the fair market value of plan assets on that date, increased for contributions included in the plan’s asset balance on the valuation date that were not included in the plan’s asset balance on the determination date, and decreased for benefits and administrative expenses paid from plan assets between that determination date and the valuation date. Because the proposed regulations were issued prior to the enactment of WRERA, the proposed regulations do not provide for an adjustment for expected earnings in determining the adjusted fair market value as of an earlier determination date. Section 1.430(g)-1(f)(4) of the proposed regulations provides that any change in a plan’s valuation date or asset valuation method that is made for the first plan year for which § 430 applies to the plan and that is not inconsistent with the requirements of § 430 is treated as having been approved by the Commissioner and does not require the Commissioner’s specific prior approval.

The proposed regulations are proposed to be effective for plan years beginning on or after January 1, 2009. The preamble of the proposed regulations provides that plans may rely on the proposed regulations for plan years beginning during 2008. Notice 2008-21, 2008-7 I.R.B. 431, states generally that the Service will not challenge a

reasonable interpretation of an applicable statutory provision under § 430 or § 436 for plan years beginning during 2008, but noted that the use of averaging methods in determining the value of plan assets under § 430(g)(3)(B) is permitted only in accordance with a method prescribed in regulations.

Part III of this notice describes the rules expected to be incorporated in future regulations for adjusting asset values for expected earnings, pursuant to § 430(g)(3)(B), as amended by WRERA, using an assumed rate of return. Taxpayers may rely on the rules described in Part III of this notice for plan years beginning during 2008 and 2009.

The rules in Part III of this notice modify the determination of the adjusted fair market value of plan assets for a prior determination date that is used in determining the average of fair market values under § 430(g)(3)(B) as provided in the proposed regulations. The other rules for the asset valuation method under § 430(g)(3)(B) set forth in the proposed regulations continue to apply. For example, the period of time between each of the determination dates (treating the valuation date as a determination date) must be equal and the method of determining the value of plan assets (including the selection of the determination dates) is part of the plan's funding method.

The guidance provided in this notice with respect to § 430(g)(3)(B) of the Code also applies for purposes of the parallel provision in section 303(g)(3)(B) of the Employee Retirement Income Security Act of 1974, as amended (ERISA). (Under section 101 of the Reorganization Plan No. 4 of 1978 (43 FR 47713), the Secretary of the Treasury has interpretive authority over the subject matter addressed in this notice for purposes of ERISA, as well as the Code.)

III. INTERIM RULES FOR APPLICATION OF NEW ASSET VALUATION METHOD

A. Adjustment for expected earnings.

The adjustment for expected earnings that is made to the fair market value of plan assets for a determination date is the sum of the expected earnings separately determined for each period between the determination date and the valuation date. The expected earnings for a period that is 12 months in length is equal to the product of the assumed rate of return for the 12 months and the fair market value of assets as of the determination date that is the beginning of the period, adjusted to reflect any contributions, benefits, and administrative expenses paid during the period (other than contributions for a plan year that ends with or prior to the determination date). If the period for which expected earnings is being determined is less than 12 months, then the expected earnings must be reduced to reflect the length of the shorter period. The fair market value of assets as of a determination date includes any contribution for a plan year that ends with or prior to the determination date that is receivable as of the determination date (provided that the contribution is actually made within 8½ months after the end of the applicable plan year). If the contribution that is receivable as of a determination date is for a plan year beginning on or after January 1, 2008, then only the present value as of that determination date (determined using the effective interest

rate for the plan year for which the contribution is made) is included in the fair market value of assets. The adjustment to the calculation of expected earnings for a period to reflect any other contributions, and to reflect benefits and administrative expenses paid during the period must take into account the timing of those contributions, benefits, and expenses.

The assumed rate of return for a period must be the actuary's best estimate of the anticipated annual rate of return on plan assets from the valuation date until all benefits are expected to be paid, limited so that the assumed rate of return does not exceed the interest rate limitation determined under section III.B or III.C of this notice, as applicable for the plan year that contains the period. If the period between one determination date and the next includes portions of more than one plan year, then the limitation on the assumed rate of return is the lower of the applicable limitations for those plan years.

B. Determination of the limitation on the assumed rate of return for periods within plan years for which either the funding target or the target normal cost is determined using the three segment interest rates under § 430(h)(2)(C).

If either the funding target or target normal cost for a plan year is determined (either for purposes of determining minimum required contributions under § 430 or for purposes of the disclosure requirement under section 101(f) of ERISA) using the three segment interest rates described in § 430(h)(2)(C) (determined with or without the application of the transition rule under § 430(h)(2)(G)), then the assumed rate of return applicable for periods within the plan year must be limited so that it does not exceed the third segment interest rate used in that determination. This rule does not apply when the full yield curve is used to determine the funding target and target normal cost, but the rule does apply in most other cases with respect to periods in plan years beginning on or after January 1, 2008.

C. Determination of the limitation on the assumed rate of return for periods within plan years for which neither the funding target nor the target normal cost is determined using the three segment interest rates under § 430(h)(2)(C).

If neither the funding target nor the target normal cost for a plan year is determined using the three segment interest rates described in § 430(h)(2)(C) (determined with or without the application of the transition rule under § 430(h)(2)(G)), then the limitation on the assumed rate of return applicable for periods within the plan year cannot be determined using the rules described in section III.B of this notice. This is the case, for example, when: (1) the plan year which contains the period for which expected earnings are being determined begins before January 1, 2008; (2) the funding target and target normal cost are determined using the full yield curve described in § 430(h)(2)(D)(ii); or (3) in the case of a plan with respect to which an election has been made under section 402(a)(1) of PPA '06 (which is generally available only for the pension plan of a commercial passenger airline under which accruals are frozen), the minimum required contribution is determined under section 402(e) of PPA '06.

If the limitation on the assumed rate of return applicable for periods within the plan year cannot be determined using the rules described in section III.B of this notice, then the assumed rate of return for periods within the plan year generally must be limited so that it does not exceed the average of the third segment rates for the 24-month period ending with the month preceding the month that contains the valuation date for the plan year. However, if the Service has not published the 24-month average of the third segment rate for the month preceding the month that contains the valuation date for the plan year (i.e., the 24-month period ends before August 2007), then the spot third segment rate for the month preceding the month that contains the valuation date is used as the limitation on the assumed rate of return for the plan year.

D. Application of the 90 to 110 percent corridor.

The rules for accounting for contribution receipts under § 430(g)(4) are applied prior to the application of the 90 to 110 percent corridor under § 430(g)(3)(B)(iii). Thus, for example, in the case of a plan with a calendar plan year, a contribution receivable for the 2008 plan year which is made in 2009 will increase the upper end of the 90 to 110 percent corridor by 110% of the present value, determined as of January 1, 2009, of that contribution receivable.

E. Special rule for plan years beginning during 2008.

The actuarial value of plan assets for a plan year that begins during 2008 is permitted to be determined using an asset averaging method that complies with the rules described in § 1.430(g)-1(f)(4) of the proposed regulations (notwithstanding that this determination results in a lower value of plan assets than under § 430(g)(3)(B) as amended by WRERA). Accordingly, no adjustment for expected earnings is required to be applied for purposes of determining the actuarial value of assets under § 430(g)(3)(B) for a plan year that begins during 2008. Thus, for a plan year that begins in 2008, no retroactive changes to the actuarial value of assets need be made to comply with the amendments to § 430(g)(3)(B) made by WRERA in the case of a plan that has complied with applicable requirements for that plan year (such as quarterly contribution requirements under § 430(j) and benefit restrictions under § 436) based on the asset averaging method permitted before the enactment of WRERA.

For a plan year that begins in 2008, a plan for which the actuarial value of plan assets for purposes of §§ 430 and 436 was determined based on the proposed regulations is permitted to have the actuarial value of plan assets redetermined pursuant to § 430(g)(3)(B), as amended by WRERA. However, plans should take into account the risk that any such redetermination may result in plan operations for the plan year having been inconsistent with the requirements of section 206(g) of ERISA (the provision that parallels § 436 of the Code).

F. Examples.

The following examples illustrate the application of this section III:

Example 1 – Actuarial value of assets calculated as of January 1, 2009, using the average of the value on the valuation date and the two prior valuation dates

Facts

All assets of Plan A are invested in a trust fund, the plan year is the calendar year, and the valuation date is January 1. The actuarial value of assets is determined by averaging the fair market value as of the valuation date and the adjusted fair market values as of the preceding two valuation dates. Benefit payments and administrative expenses are paid evenly throughout the year, and accordingly are assumed to be made mid-year. The plan is not required to make quarterly contributions, and contributions for a plan year are made on September 15 following each plan year.

The fair market value of assets in trust and the contribution amounts are summarized below:

	2007	2008	2009
Fair market value Jan. 1:			
Assets in trust as of Jan. 1……	$135,500	$176,000	$162,000
Contribution for prior plan year paid Sept. 15........	$ 61,000	$ 62,000	$ 68,781
Effective interest rate for prior plan year................	N/A	N/A	6.00%
Discounted prior plan year contribution receivable as of Jan. 1.........................	$ 61,000	$ 62,000	$ 66,000
Fair market value as of Jan. 1 including contrib. receivable..	$196,500	$238,000	$228,000

An actuarial valuation is performed as of January 1, 2009. The fair market value of assets, plan contributions, benefit payments, and other relevant items for January 1, 2007 through January 1, 2009 are as follows:

	2007	2008
Fair market value January 1 including contributions receivable……………………..	$196,500	$238,000
Contributions for current year…..	$ 62,000	$ 66,000*
Benefit payments.......................	$ (24,000)	$ (25,000)
Expenses..................................	$ (7,000)	$ (7,500)
Interest and dividends................	$ 7,500	$ 7,000
Net realized gains (losses)..........	$ 6,000	$ (8,500)

Balancing item............................	$ (3,000)	$ (42,000)
Fair market value: Dec. 31..........	$238,000	$228,000

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*Present value as of January 1, 2009

Computation of expected earnings

The plan sponsor elects to determine present values and other computations under § 430 using the 24-month average of segment rates for the fourth month preceding the month that contains the valuation date, without applying the transition rules in § 430(h)(2)(G). The actuary's best estimate of the anticipated rate of return on plan assets is 6.25% for 2007 and is 6.25% for 2008. However, the assumed rate of return used for determining expected earnings for each of these plan years is equal to the lesser of the anticipated rate of return on assets for the plan year and the applicable limitation for the plan year.

The January 1, 2007 valuation was performed based on the funding rules in effect prior to PPA '06, and therefore did not use the segment rates. Accordingly, the limitation on the assumed rate of return for 2007 is determined under section III.C of this notice. Furthermore, the Service did not publish the 24-month average of the third segment rates for the 24-month period that ended with the month prior to the valuation date (December 2006). Therefore, in accordance with section III.C of this notice, the assumed rate of return applicable for periods in 2007 is limited so that it does not exceed the spot third segment rate for the month prior to the valuation date (December 2006), or 6.09% (per Table II of Notice 2007-81, 2007-2 C.B. 899). Because this rate is lower than the actuary's best estimate of the anticipated rate of return on plan assets for 2007, the assumed rate of return for 2007 is limited to 6.09%.

For 2008, the third segment rate used to limit the assumed rate of return is the rate used for the January 1, 2008 valuation. Because the plan sponsor has elected to use the segment rates for the fourth month preceding the valuation date (September 2007) without transition, the third segment rate is 6.38%. Because this rate is higher than the actuary's best estimate of the anticipated rate of return on plan assets for 2008, the assumed rate of return for 2008 is equal to 6.25% (the actuary's best estimate of the anticipated rate of return on plan assets).

Expected earnings are calculated as follows for each year:

2007: ($196,500 x .0609) + [$62,000 x (1.0609^{0} - 1)] – [($24,000 + $7,000) x ($1.0609^{(1/2)}$ -1)] = $11,037

2008: ($238,000 x .0625) + [$66,000 x (1.0625^{0} - 1)] – [($25,000 + $7,500) x ($1.0625^{(1/2)}$ -1)] = $13,875

Computation of adjusted fair market value of assets

The adjusted fair market values of assets for the January 1, 2007 and January 1, 2008 determination dates are computed as follows:

Adjusted values	2007	2008
Fair market value January 1:	$196,500	$ 238,000
Net adjustments:		
Contributions for 2007…………	$ 62,000	n/a
Contributions for 2008…………	$ 66,000*	$ 66,000*
Benefit payments for 2007…….	$ (24,000)	n/a
Benefit payments for 2008…….	$ (25,000)	$ (25,000)
Expenses for 2007……………..	$ (7,000)	n/a
Expenses for 2008……………..	$ (7,500)	$ (7,500)
Expected earnings for 2007…..	$ 11,037	n/a
Expected earnings for 2008…..	$ 13,875	$ 13,875
Adjusted fair market value…...	$285,912	$285,375

*Present value as of January 1, 2009

Computation of actuarial value of assets

Average of adjusted fair market value at earlier determination dates and fair market value at valuation date:

$$(\$285{,}912 + \$285{,}375 + \$228{,}000) \div 3 = \$266{,}429$$

This preliminary average as of January 1, 2009 must be limited so that it satisfies the 90-110 percent corridor rules under § 430(g)(3)(B)(iii). Because 110% of $228,000 equals $250,800, the actuarial value of assets for Plan A must be limited to $250,800 (rather than $266,429). Thus, the actuarial value of assets as of January 1, 2009 is $250,800.

Algebraically equivalent determination of actuarial value of assets

Note that the above calculation of the preliminary average as of January 1, 2009 is algebraically equivalent to the method under Approval 15 of Rev. Proc. 2000-40, 2000-2 C.B. 357, using the assumed rate of return for each year as described above and a smoothing period of three years. This equivalency is demonstrated as follows:

	2007	2008

Actual earnings:		
Interest and dividends..............	$ 7,500	$ 7,000
Net realized gains (losses).......	$ 6,000	$ (8,500)
Balancing item.........................	$ (3,000)	$ (42,000)
Total actual earnings……............	$ 10,500	$ (43,500)
Expected earnings……………….	$ 11,037	$ 13,875
Gain (loss) equal to actual earnings minus expected earnings………………………..	$ (537)	$(57,375)

Preliminary actuarial value of assets as of January 1, 2009 equals:
$228,000 + one-third of the 2007 loss (1/3 x $537) +
two-thirds of the 2008 loss (2/3 x $57,375) = $266,429

As noted above, this preliminary actuarial value of assets must be limited so that the actuarial value of assets as of January 1, 2009 satisfies the 90-110 percent corridor rules under § 430(g)(3)(B)(iii). Because the preliminary actuarial value of assets exceeds 110% of the fair market value of plan assets as of the valuation date, the actuarial value of assets as of January 1, 2009 is $250,800.

Example 2 – Actuarial value of assets calculated as of January 1, 2010, using the average of the value on the valuation date and four earlier quarterly determination dates

Facts

The facts are the same as in Example 1, except that the actuarial value of assets is calculated by averaging the fair market value as of the current valuation date and adjusted fair market values as of the beginning of the four preceding calendar quarters. Two contributions are made for the 2009 plan year--a contribution of $10,000 made on May 1, 2009, and a contribution of $60,000 made on September 15, 2010. The effective interest rate for the 2009 plan year is 6.10%. Benefits are paid on the 15th day of each month, and so benefits for the quarter are assumed to be made at the midpoint of each quarter. During 2009, administrative expenses are paid at the beginning of each quarter.

An actuarial valuation is performed as of January 1, 2010. For each determination date for which the contribution of $68,781 paid on September 15, 2009 is a contribution receivable for the 2008 plan year, the contribution receivable is discounted to the determination date using the 2008 effective interest rate of 6.00%. The contribution of $60,000 paid on September 15, 2010 for the 2009 plan year is reflected in the fair market value of assets as of January 1, 2010, discounted to that date using the 2009 effective interest rate of 6.1% ($\$60,000 \div 1.061^{(8.5/12)} = \$57,536$), as illustrated in the table below:

Quarter beginning	1/1/2009	4/1/2009	7/1/2009	10/1/2009	1/1/2010
Fair market value:					
Assets in trust at beginning of quarter…………………	$162,000	$143,232	$153,649	$215,300	$216,900
Contributions receivable for prior plan year ………………	$ 68,781	$ 68,781	$ 68,781	$ 0	$ 60,000
Effective interest rate for prior plan year…………......	6.00%	6.00%	6.00%	6.00%	6.10%
Discounted prior plan year contributions receivable at beginning of quarter ….	$ 66,000	$ 66,968	$ 67,951	$ 0	$ 57,536
Total fair market value at beginning of quarter, including contributions receivable…………………	$228,000	$210,200	$221,600	$215,300	$274,436

The fair market value of assets, plan contributions, benefit payments, and other relevant items for the four quarters of 2009 are shown in the table below:

Quarter beginning	1/1/2009	4/1/2009	7/1/2009	10/1/2009
Total fair market value at beginning of quarter, including contributions receivable………………....	$228,000	$210,200	$221,600	$215,300
Contributions……………..…..	$ 0	$ 10,000	$ 0	$ 57,536**
Benefit payments……………	$ (6,000)	$ (6,500)	$ (6,300)	$ (6,400)
Expenses…………………….	$ (2,100)	$ (1,900)	$ (2,300)	$ (1,800)
Interest and dividends..........	$ 2,300	$ 1,800	$ 2,000	$ 2,800
Net realized gains (losses)…	$ 3,000	$ 3,000	$ 3,000	$ 3,000
Balancing item*…………..….	$(15,000)	$ 5,000	$ (2,700)	$ 4,000
Fair market value at end of quarter, including contributions receivable…..	$210,200	$221,600	$215,300	$274,436

* Includes the change in discounted value of the contribution receivable.
** Discounted value of contribution receivable for the 2009 plan year, paid after the end of the 2009 plan year. This discounted amount is treated as if it is paid on December

31, 2009, for the purpose of calculating the fair market value and the average value of assets.

Computation of expected earnings

The plan sponsor elects to determine present values and other computations under § 430 using the 24-month segment rates for the fourth month preceding the month that contains the valuation, without applying the transition rules in § 430(h)(2)(G). The actuary's best estimate of the anticipated rate of return on plan assets is 6.25% for 2009. This rate is compared with the third segment rate for the 2009 plan year of 6.56% (based on the rates published for September 2008); because the third segment rate is higher than the actuary's best estimate of the anticipated rate of return on plan assets, the actuary's assumed rate of return is not restricted.

Expected earnings are calculated for each quarter, taking into account the timing of contributions, benefit payments, and administrative expenses during each quarter, as follows:

Quarter beginning 1/1/2009:
$[\$228{,}000 \times (1.0625^{(3/12)} -1)] – [\$6{,}000 \times (1.0625^{(1.5/12)} -1)] – [\$2{,}100 \times (1.0625^{(3/12)} -1)] = \$3{,}404$

Quarter beginning 4/1/2009:
$[\$210{,}200 \times (1.0625^{(3/12)} -1)] + [\$10{,}000 \times (1.0625^{(2/12)} -1)] – [\$6{,}500 \times (1.0625^{(1.5/12)} -1)] – [\$1{,}900 \times (1.0625^{(3/12)} -1)] = \$3{,}233$

Quarter beginning 7/1/2009:
$[\$221{,}600 \times (1.0625^{(3/12)} -1)] – [\$6{,}300 \times (1.0625^{(1.5/12)} -1)] – [\$2{,}300 \times (1.0625^{(3/12)} -1)] = \$3{,}301$

Quarter beginning 10/1/2009:
$[\$215{,}300 \times (1.0625^{(3/12)} -1)] + [\$57{,}536 \times (1.0625^{0} -1)] – [\$6{,}400 \times (1.0625^{(1.5/12)} -1)] – [\$1{,}800 \times (1.0625^{(3/12)} -1)] = \$3{,}212$

Computation of average value of assets

The average value of assets as of January 1, 2010, is computed as follows:

Determination date	1/1/2009	4/1/2009	7/1/2009	10/1/2009
Total fair market value at beginning of quarter, including contributions receivable……………………..	$228,000	$210,200	$221,600	$215,300
Net adjustments*				

Contributions..........................	$ 67,536	$ 67,536	$ 57,536	$ 57,536*
Benefit payments....................	$ (25,200)	$ (19,200)	$ (12,700)	$ (6,400)
Expenses................................	$ (8,100)	$ (6,000)	$ (4,100)	$ (1,800)
Expected earnings:				
1/1/2009 – 3/31/2009.........	$ 3,404	N/A	N/A	N/A
4/1/2009 – 6/30/2009.........	$ 3,233	$ 3,233	N/A	N/A
7/1/2009 – 9/30/2009.........	$ 3,301	$ 3,301	$ 3,301	N/A
10/2009 – 12/31/2009........	$ 3,212	$ 3,212	$ 3,212	$ 3,212
Adjusted fair market value.........	$275,386	$262,282	$268,849	$267,848

* Entries reflect the sum of the amounts for the current and later quarters, as illustrated for expected earnings.

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Average of adjusted fair market value of assets at earlier determination dates and fair market value at valuation date:

($275,386 + $262,282 + $268,849 + $267,848 + $274,436) ÷ 5 = $269,760

This average must be limited so that the actuarial value of assets as of January 1, 2010 satisfies the 90-110 percent corridor rules under § 430(g)(3)(B)(iii). Because the average of adjusted fair market values of $269,760 falls between 90% and 110% of $274,436, the actuarial value of assets as of January 1, 2010 is $269,760.

IV. AUTOMATIC APPROVAL FOR CHANGE IN ASSET VALUATION METHOD

This notice provides approval by the Commissioner for a change in a plan's asset valuation method to adopt an asset valuation method that is permitted under § 430(g)(3), as amended by WRERA, that is made for a plan year that begins during 2009. In addition, the approval that would apply under the proposed regulations for a change in funding method for a plan year that begins during 2008 will apply to a change in a plan's asset valuation method made to adopt the asset valuation method permitted by § 430(g)(3)(B), as amended by WRERA, that is made for such a plan year.

V. DRAFTING INFORMATION

The principal authors of this notice are Carolyn Zimmerman of the Employee Plans, Tax Exempt and Government Entities Division, and Michael P. Brewer and Linda S. F. Marshall of the Office of the Division Counsel/Associate Chief Counsel (Tax Exempt and Government Entities). For further information regarding this notice, please contact the Employee Plans taxpayer assistance answering service at 1-877-829-5500 (a toll free number), Mr. Brewer or Ms. Marshall at (202) 622-6090 (not a toll free number), or e-mail Ms. Zimmerman, at RetirementPlanQuestions@irs.gov.