



# TaxNewsFlash

## United States

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### **Rev. Proc. 2017-43: Suspension of benefits applications; defined benefit plans in “critical and declining status”**

The IRS today released an advance version of Rev. Proc. 2017-43 that includes changes to the existing procedures for approval from the U.S. Treasury Department for a suspension of benefits under a multiemployer defined benefit pension plan that is in “critical and declining status.”

[\*\*Rev. Proc. 2017-43\*\*](#) [PDF 220 KB] sets out new procedures for applying for Treasury approval of a suspension of benefits. These procedures replace those provided in Rev. Proc. 2016-27, and are intended to facilitate the review of an application for a suspension of benefits in light of Treasury’s experience in processing applications.

The procedures in Rev. Proc. 2017-43 must be followed and are effective for applications submitted on or after September 1, 2017.

#### **Background**

Final regulations (T.D. 9765) were issued in late April 2016 as guidance concerning the requirements under section 432(e)(9) about a suspension of benefits under a multiemployer defined benefit plan that is in “critical and declining status.”

A plan is in critical and declining status when it is projected to have insufficient funds, in a specific timeframe, to pay the full plan benefits to which individuals would be entitled. Under legislation enacted in 2014, the sponsor of a plan in critical and declining status is permitted to reduce the pension benefits payable to plan participants and beneficiaries if certain conditions and limitations are satisfied.

Also in April 2016, the IRS issued Rev. Proc. 2016-27 to establish the rules for applications filed with Treasury for a suspension of benefits under a multiemployer defined benefit pension plan that is in critical and declining status under section 432(e)(9). Read [\*\*TaxNewsFlash-United States\*\*](#)

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