Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits
Security Administration

Pension Benefit
Guaranty Corporation

2004

Instructions for Schedule B (Form 5500)

Actuarial Information

Code section references are to the Internal Revenue Code unless otherwise noted.
ERISA refers to the Employee Retirement Income Security Act of 1974.

General Instructions

Who Must File

The employer or plan administrator of a defined benefit plan that is subject to the minimum funding standards (see Code section 412 and Part 3 of Title I of ERISA) must file this schedule as an attachment to the Form 5500 or Form 5500-EZ. The Schedule B does not have to be filed if Form 5500-EZ is not required to be filed (in accordance with the instructions for Form 5500-EZ); however, the funding standard account for the plan must continue to be maintained, even if the Schedule B is not filed.

If a money purchase defined contribution plan (including a target benefit plan) has received a waiver of the minimum funding standard, and the waiver is currently being amortized, lines 3, 9, and 10 of Schedule B must be completed. The Schedule B must be attached to Form 5500 but it need not be signed by an enrolled actuary.

Check the Schedule B box on the Form 5500 (Part II, line 10a(3)) if a Schedule B is attached to the Form 5500.

Lines A through E and G (most recent enrollment number) **must** be completed for ALL plans. If the Schedule B is attached to a Form 5500, lines A, B, C, and D should include the same information as reported in Part II of the Form 5500. You may abbreviate the plan name (if necessary) to fit in the space provided.

Do not use a social security number in line D in lieu of an EIN. The Schedule B and its attachments are open to public inspection if filed with a Form 5500, and the contents are public information and are subject to publication on the Internet. Because of privacy concerns, the inclusion of a social security number on this Schedule B or any of its attachments may result in the rejection of the filing.

EINs may be obtained by applying for one on **Form SS-4**, Application for Employer Identification Number, as soon as possible. You can obtain Form SS-4 by calling **1-800-TAX-FORM** (1-800-829-3676) or at the IRS Web Site at *www.irs.gov*. The EBSA does **not** issue EINs.

Check the box in line F if the plan has 100 or fewer participants in the prior plan year. A plan has 100 or fewer participants in the prior plan year only if there were 100 or fewer participants (both active and nonactive) on each day of the preceding plan year, taking into account participants in all defined benefit plans maintained by the same employer (or any member of such employer's controlled group) who are also employees of that employer or member. Nonactive participants include vested terminated and retired employees.

All defined benefit plans, regardless of size or type, **must** complete and file Part I. Part II **must** be filed for all plans other than those specified in **1** and **2** below:

1. Part II should not be filed for multiemployer plans for which box 1 in line E is checked.
2. Part II should not be filed for plans that have 100 or fewer participants in the prior plan year as described above.

In addition, please note that "TRA '97" refers to the Taxpayer Relief Act of 1997 and "RPA '94" refers to the Retirement Protection Act of 1994.

Note. ***(1)*** For split-funded plans, the costs and contributions reported on Schedule B should include those relating to both trust funds and insurance carriers. ***(2)*** For plans with funding standard account amortization charges and credits see the instructions for lines 9c, 9j, and 12j, as applicable, regarding attachment. ***(3)*** For terminating plans, Rev. Rul. 79-237, 1979-2 C.B. 190, provides that minimum funding standards apply until the end of the plan year that includes the termination date. Accordingly, the Schedule B is not required to be filed for any later plan year. However, if a termination fails to occur — whether because assets remain in the plan's related trust (see Rev. Rul. 89-87, 1989-2 C.B. 81) or for any other reason (e.g., the PBGC issues a notice of noncompliance pursuant to 29 CFR section 4041.31 for a standard termination) — there is no termination date, and therefore, minimum funding standards continue to apply and a Schedule B continues to be required.

Statement by Enrolled Actuary

An enrolled actuary must sign Schedule B. The signature of the enrolled actuary may be qualified to state that it is subject to attached qualifications. See Treasury Regulation section 301.6059-1(d) for permitted qualifications. If the actuary has not fully reflected any final or temporary regulation, revenue ruling or notice promulgated under the statute in completing the Schedule B, check the box on the last line of page 1. If this box is checked, indicate on an attachment whether an accumulated funding deficiency or a contribution that is not wholly deductible would result if the actuary had fully reflected such regulation, revenue ruling, or notice and label this attachment, ***"Schedule B – Statement by Enrolled Actuary."*** A stamped or machine produced signature is not acceptable. The most recent enrollment number must be entered in line G. In addition, the actuary may offer any other comments related to the information contained in Schedule B.

Attachments

All attachments to the Schedule B must be properly identified, and must include the name of the plan, plan sponsor's EIN, and plan number. Put "Schedule B" and the line item to which the schedule relates at the top of each attachment. When assembling the package for filing, you can place attachments for a schedule either directly behind that schedule or at the end of the filing.

Do not include attachments that contain a visible social security number. The Schedule B and its attachments are open to public inspection, and the contents are public information and are subject to publication on the Internet. Because of privacy concerns, the inclusion of a visible social security number on an attachment may result in the rejection of the filing.

Specific Instructions for Part I

Line 1. All entries must be reported as of the valuation date.

Line 1a. Actuarial Valuation Date. The valuation for a plan year may be as of any date in the plan year, including the first or last day of the plan year. Valuations must be performed within the period specified by ERISA section 103(d) and Code section 412(c)(9).

Line 1b(1). Current Value of Assets. Enter the current value of assets as of the valuation date. The current value is the same as the fair market value. Do not adjust for items such as the existing credit balance or the outstanding balances of certain amortization bases. Contributions designated for 2004 should not be included in this amount. Note that this entry may be different from the entry in line 2a. Such a difference may result, for example, if the valuation date is not the first day of the plan year, or if insurance contracts are excluded from assets reported on line 1b(1) but not on line 2a.

Rollover amounts or other assets held in individual accounts that are not available to provide defined benefits under the plan should not be included on line 1(b)(1) regardless of whether they are reported on the 2004 Schedule H (Form 5500) (line 1l, column (a)) or Schedule I (Form 5500) (line 1c, column (a)), or, alternatively, the 2004 Form 5500-EZ (line 11a, column (a): total assets at the beginning of the year). Additionally, asset and liability amounts must be determined in a consistent manner. Therefore, if the value of any insurance contracts have been excluded from the amount reported on line 1b(1), liabilities satisfied by such contracts should also be excluded from the liability values reported on lines 1c(1), 1c(2), and 1d(2).

Line 1b(2). Actuarial Value of Assets. Enter the value of assets determined in accordance with Code section 412(c)(2) or ERISA section 302(c)(2). Do not adjust for items such as the existing credit balance or the outstanding balances of certain amortization bases, and do not include contributions designated for 2004 in this amount.

Line 1c(1). Accrued Liability for Immediate Gain Methods. Complete this line only if you use an immediate gain method (see Rev. Rul. 81-213, 1981-2 C.B. 101, for a definition of immediate gain method).

Lines 1c(2)(a), (b), and (c). Information for Plans Using Spread Gain Methods. Complete these lines only if you use a spread gain method (see Rev. Rul. 81-213 for a definition of spread gain method).

Line 1c(2)(a). Unfunded Liability for Methods with Bases. Complete this line only if you use the frozen initial liability or attained age normal cost method.

Lines 1c(2)(b) and (c). Entry Age Normal Accrued Liability and Normal Cost. For spread gain methods, the full funding limitation is calculated using the entry age normal method (see Rev. Rul. 81-13, 1981-1 C.B. 229).

Line 1d(1). Amount Excluded from Current Liability. In computing current liability for purposes of Code section 412(l) (but not for purposes of section 412(c)(7)), certain service is disregarded under Code section 412(l)(7)(D) and ERISA section 302(d)(7)(D). If the plan has participants to whom those provisions apply, only a percentage of the years of service before such individuals became participants in the plan is taken into account. Enter the amount excluded from “RPA ’94” current liability. If an employer has made an election under section 412(l)(7)(D)(iv) not to disregard such service, enter zero. Note that such an election, once made, cannot be revoked without the consent of the Secretary of the Treasury.

Line 1d(2)(a). “RPA ’94” Current Liability. All plans regardless of the number of participants must provide the information indicated in accordance with these instructions. The interest rate used to compute the “RPA ’94” current liability must be in accordance with guidelines issued by the IRS, using the 90% to 105% interest rate corridor of Code section 412(l)(7)(C)(i) for plan years beginning in 2004. However, a special rule under Code section 412(b)(5)(B)(ii)(II) provides that, for the 2004 plan year, the interest rate used to determine current liability must not be above and must not be more than 10 percent below the weighted average of the rates of interest, as set forth by the Treasury department, on amounts invested conservatively in long-term investment-grade corporate bonds during the 4-year period ending on the last day before the beginning of the 2004 plan year. See Notice 2004-34.

The “RPA ’94” current liability must be computed using the 1983 G.A.M. mortality table for non-disabled lives published in Rev. Rul. 95-28, 1995-1 C.B. 74, and may be computed taking into account the mortality tables for disabled lives published in Rev. Rul. 96-7, 1996-1 C.B. 59.

Each other actuarial assumption used in calculating the “RPA ’94” current liability must be the same assumption used for calculating other costs for the funding standard account. See Notice 90-11, 1990-1 C.B. 319. The actuary must take into account rates of early retirement and the plan’s early retirement and turnover provisions as they relate to benefits, where these would significantly affect the results. Regardless of the valuation date, “RPA ’94” current liability is computed taking into account only credited service through the end of the prior plan year. No salary scale projections should be used in these computations. Do not include the expected increase in current liability due to benefits accruing during the plan year reported in line 1d(2)(b) in these computations.

Line 1d(2)(b). Expected Increase in Current Liability. Enter the amount by which the “RPA ’94” current liability is expected to increase due to benefits accruing during the plan year on account of credited service and/or salary changes for the current year. One year’s salary scale may be reflected.

Line 1d(2)(c). Current Liability Computed at Highest Allowable Interest Rate. Enter the current liability computed using the highest allowable interest rate (100% of the weighted average interest rate on amounts invested conservatively in long-term investment-grade corporate bonds during the 4-year period ending on the last day before the beginning of the 2004 plan year). All other assumptions used should be identical to those used for lines 1d(2)(a) and (b). It is not necessary to complete line 1d(2)(c) if the plan is a multiemployer plan or if the plan had 100 or fewer participants in the prior plan year. Whether or not a plan had 100 or fewer participants in the prior plan year is determined according to the instructions under the **Who Must File** discussion for Schedule B. This line need not be completed if the actuarial value of assets (line 1b(2)) divided by the “RPA ’94” current liability (line 1d(2)(a)) is greater than or equal to 90%. However, if this line is not completed, sufficient records should be retained so that the current liability amount that would otherwise have been entered on this line can be computed at a later time if required.

Line 1d(2)(d). Expected Release from “RPA ’94” Current Liability for the Plan Year. Do not complete this line if Code section 412(l) does not apply to the plan for this plan year under Code sections 412(l)(1), 412(l)(6), or 412(l)(9). Enter the expected release from “RPA ’94” current liability on account of disbursements (including single sum distributions) from the plan expected to be paid after the valuation date but prior to the end of the plan year (see also Q&A-7 of Rev. Rul. 96-21).

Line 1d(3). Expected Plan Disbursements. Enter the amount of plan disbursements expected to be paid for the plan year.

Line 2. All entries must be reported as of the beginning of the 2004 plan year. Lines 2a and 2b should include all assets and liabilities under the plan except for assets and liabilities attributable to: **(1)** rollover amounts or other amounts in individual accounts that are not available to provide defined benefits, or **(2)** benefits for which an insurer has made an irrevocable commitment as defined in 29 CFR 4001.2. The pre-participation service phase-in of Internal Revenue Code section 412(l)(7)(D) and ERISA section 302(d)(7)(D) will apply in computing the liabilities shown in line 2b, unless the employer has made an election under Code section 412(l)(7)(D)(iv).

Line 2a. Current Value of Assets. Enter the current value of net assets as of the first day of the plan year. Except for plans with excluded assets as described above, this entry should be the same as reported on the 2004 Schedule H (Form 5500) (line 1l, column (a)) or Schedule I (Form 5500) (line 1c, column (a)), or, alternatively, the 2004 Form 5500-EZ (line 11a, column (a): total assets at the beginning of the year). Note that contributions designated for the 2004 plan year are not included on those lines.

Line 2b. "RPA '94" Current Liability (beginning of plan year). Enter the "RPA '94" current liability as of the first day of the plan year. Do not include the expected increase in current liability due to benefits accruing during the plan year. See the instructions for line 1d(2)(a) for actuarial assumptions used in determining "RPA '94" current liability.

Column (1)—Enter the number of participants and beneficiaries as of the beginning of the plan year. If the current liability figures are derived from a valuation that follows the first day of the plan year, the participant and beneficiary count entries should be derived from the counts used in that valuation in a manner consistent with the derivation of the current liability reported in columns (2) and (3).

Column (2)—Include only the portion of the current liability attributable to vested benefits.

Column (3)—Include the current liability attributable to all benefits, both vested and nonvested.

Line 2c. This calculation is required under ERISA section 103(d)(11). Do not complete if line 2a divided by line 2b(4), column (3), is 70% or greater.

Line 3. Contributions Made to Plan. Show all employer and employee contributions for the plan year. Include employer contributions made not later than 2½ months (or the later date allowed under Code section 412(c)(10) and ERISA section 302(c)(10)) after the end of the plan year. Show only contributions actually made to the plan by the date Schedule B is signed. Certain employer contributions must be made in quarterly installments. See Code section 412(m). Note that contributions made to meet the liquidity requirement of Code section 412(m)(5) should be reported.

Add the amounts in both columns (b) and (c) and enter both results on the total line. All contributions must be credited toward a particular plan year.

Line 4a. Quarterly Contributions. In accordance with "RPA '94," only plans that have a funded current liability percentage (as provided in Rev. Rul. 95-31, 1995-1 C.B. 76) for the preceding plan year of less than 100 percent are subject to the quarterly contribution requirement of Code section 412(m) and ERISA section 302(e). For 2004, the funded current liability percentage for the preceding plan year is equal to line 1b(2) (actuarial value of assets) divided by line 1d(2)(a) ("RPA '94" current liability), both lines as reported on the 2003 Schedule B (Q&A-3, 4 and 5 of Rev. Rul. 95-31, also provide guidance on this computation). If line 1d(2)(a) is zero for 2003 or if Box B(1) of Part I of Form 5500 is checked, enter 100%.

Note. Section 101(d)(2) of the Pension Funding Equity Act of 2004 provided a lookback rule for the purpose of applying section 412(m)(1) of the Internal Revenue Code of 1986, for plan years beginning after December 31, 2003. If this lookback rule is used, attach a demonstration of the use of this lookback rule to the Schedule B and label the attachment, **"Schedule B, line 4a – 412(m)(1) Lookback Rule."**

Line 4b. Multiemployer plans, plans with funded current liability percentages (as provided in Code section 412(m)(1)) of 100 percent or more for the preceding plan year, and plans that on every day of the preceding plan year had 100 or fewer participants (as defined under the **Who Must File** discussion for Schedule B) are not subject to the liquidity requirement of Code section 412(m)(5) and ERISA section 302(e)(5) and should not complete this line. See Q&As 7 through 17 of Rev. Rul. 95-31 for guidance on the liquidity requirement. Note that a certification by the enrolled actuary must be attached if the special rule for nonrecurring circumstances is used and label the certification, ***"Schedule B, line 4b – Liquidity Requirement Certification"*** (see Code section 412(m)(5)(E)(ii)(II) and Q&A-13 of Rev. Rul. 95-31).

If the plan has a liquidity shortfall for any quarter of the plan year (see Q&A-10 of Rev. Rul. 95-31), enter the amount of the liquidity shortfall for each such quarter. If the plan was subject to the liquidity requirement, but did not have a liquidity shortfall, enter zero. File **Form 5330**, Return of Excise Taxes Related to Employee Benefit Plans, with the IRS to pay the 10% excise tax(es) if there is a failure to pay the liquidity shortfall by the required due date, unless a waiver of the 10% tax under Code section 4971(f) has been granted.

Line 5. Actuarial Cost Method. Enter only the primary method used. If the plan uses one actuarial cost method in one year as the basis of establishing an accrued liability for use under the frozen initial liability method in subsequent years, answer as if the frozen initial liability method was used in all years. The projected unit credit method is included in the "Accrued benefit (unit credit)" category of line 5c. If a method other than a method listed in lines 5a through 5g is used, check the box for line 5h and specify the method. For example, if a modified individual level premium method for which actuarial gains and losses are spread as a part of future normal cost is used, check the box for 5h and describe the cost method. For the shortfall method, check the appropriate box for the underlying actuarial cost method used to determine the annual computation charge.

Changes in funding methods include changes in actuarial cost method, changes in asset valuation method, and changes in the valuation date of plan costs and liabilities or of plan assets. Changes in the funding method of a plan include not only changes to the overall funding method used by the plan, but also changes to each specific method of computation used in applying the overall method. Generally, these changes require IRS approval. If the change was made pursuant to Rev. Proc. 2000-40, 2000-2 C.B. 357, check "Yes" in line 5j. If approval was granted by either an individual ruling letter or a class ruling letter for this plan, enter the date of the applicable ruling letter in line 5k. Note that the plan sponsor's agreement to a change in funding method (made pursuant to Rev. Proc. 2000-40 or a class ruling letter) should be reported on line 7 of Schedule R (Form 5500).

Line 6. Actuarial Assumptions. If gender-based assumptions are used in developing plan costs, enter those rates where appropriate in line 6. Note that requests for gender-based cost information do not suggest that gender-based benefits are legal. If unisex tables are used, enter the values in both "Male" and "Female" lines. Complete all blanks. Check "N/A" if not applicable.

Attach a statement of actuarial assumptions (if not fully described by line 6), and actuarial methods used to calculate the figures shown in lines 1 and 9 (if not fully described by line 5), and label the statement, ***"Schedule B, line 6 – Statement of Actuarial Assumptions/Methods."***

Also attach a summary of the principal eligibility and benefit provisions on which the valuation was based, an identification of benefits not included in the valuation, a description of any significant events that occurred during the year, a summary of any changes in principal eligibility or benefit provisions since the last valuation, a description (or reasonably representative sample) of plan early retirement factors, and any change in actuarial assumptions or cost methods and justifications for any such change (see section 103(d) of ERISA), and label the summary,***"Schedule B, line 6 – Summary of Plan Provisions."***

Also, include any other information needed to disclose the actuarial position of the plan fully and fairly.

Line 6a. "RPA '94" Current Liability Interest Rate. Enter the interest rate used to determine "RPA '94" current liability. Generally, the interest rate used must not fall outside the corridor of 90% to 105% of the weighted average interest rate (See Code section 412(l)(7)(C)(i)). However, a special rule under Code section 412(b)(5)(B)(ii)(II) provides that, for the 2004 plan year, the interest rate used to determine current liability must not be above and must not be more than 10 percent below the weighted average of the rates of interest, as set forth by the Treasury department, on amounts invested conservatively in long-term investment-grade corporate bonds during the 4-year period ending on the last day before the beginning of the plan year. The rate used must be in accordance with the guidelines issued by the IRS. See Notices 90-11, 2004-34, and Rev. Rul. 96-21. Enter rate to the nearest .01 percent.

Line 6b. Weighted Average Retirement Age. If each participant is assumed to retire at his/her normal retirement age, enter the age specified in the plan as normal retirement age. If the normal retirement age differs for individual participants, enter the age that is the weighted average normal retirement age; do not enter "NRA." Otherwise, enter the assumed retirement age. If the valuation uses rates of retirement at various ages, enter the nearest whole age that is the weighted average retirement age. On an attachment to Schedule B, list the rate of retirement at each age and describe the methodology used to compute the weighted average retirement age, including a description of the weight applied at each potential retirement age, and label the list ***"Schedule B, line 6b – Description of Weighted Average Retirement Age."***

Line 6c. Check "Yes," if the rates in the contract were used (e.g., purchase rates at retirement).

Line 6d. Mortality Table. The 1983 G.A.M. mortality table published in Rev. Rul. 95-28 must be used in the calculation of "RPA '94" current liability for non-disabled lives. The mortality tables published in Rev. Rul. 96-7 may be used in the calculation of "RPA '94" current liability for disabled lives. Enter the mortality table code for non-disabled lives used for valuation purposes as follows:

Mortality Table	Code
1951 Group Annuity	1
1971 Group Annuity Mortality (G.A.M.)	2
1971 Individual Annuity Mortality (I.A.M.)	3
UP-1984	4
1983 I.A.M.	5
1983 G.A.M.	6
1983 G.A.M. (solely per Rev. Rul. 95-28)	7
UP-1994	8
Other	9
None	0

Code 6 includes all sex-distinct versions of the 1983 G.A.M. table other than the table published in Rev. Rul. 95-28. Thus, for example, Code 6 also would include the 1983 G.A.M. male-only table used for males, where the 1983 G.A.M. male-only table with a 6-year setback is used for females. Code 9 includes mortality tables other than those listed in Codes 1 through 8, including any unisex version of the 1983 G.A.M. table.

Where an indicated table consists of separate tables for males and females, add F to the female table (e.g., 1F). When a projection is used with a table, follow the code with "P" and the year of projection (omit the year if the projection is unrelated to a single calendar year); the identity of the projection scale should be omitted. When an age setback or set forward is used, indicate with "-" or "+" and the number of years. For example, if for females the 1951 Group Annuity Table with Projection C to 1971 is used with a 5-year setback, enter "1P71-5." If the table is not one of those listed, enter "9" with no further notation. If the valuation assumes a maturity value to provide the post-retirement income without separately identifying the mortality, interest and expense elements, under "post-retirement," enter on line 6d the value of $1.00 of monthly pension beginning at the age shown on line 6b, assuming the normal form of annuity for an unmarried person; in this case check "N/A" on lines 6e and 6f.

Line 6e. Valuation Liability Interest Rate. Enter the assumption as to the expected interest rate (investment return) used to determine all the calculated values except for current liability and liabilities determined under the alternative funding standard account (see instructions for line 8b). If the assumed rate varies with the year, enter the weighted average of the assumed rate for 20 years following the valuation date. Enter rates to the nearest .01 percent.

Line 6f. Expense Loading. If there is no expense loading, enter -0-. For instance, there would be no expense loading attributable to investments if the rate of investment return on assets is adjusted to take investment expenses into account. If there is a single expense loading not separately identified as pre-retirement or post-retirement, enter it under pre-retirement and check "N/A" under post-retirement. Where expenses are assumed other than as a percentage of plan costs or liabilities, enter the assumed pre-retirement expense as a percentage of the plan's normal cost, and enter the post-retirement expense as a percentage of plan liabilities. If the normal cost of the plan is zero, enter the assumed pre-retirement expense as a percentage of the sum of the lines 9c(1) and 9c(2), minus line 9j. Enter rates to the nearest .1 percent.

Line 6g. Annual Withdrawal Rates. Enter rates to the nearest .01 percent. Enter the rate assumed for a new entrant to the plan at the age shown. Enter "S" before the rate if that rate is different for participants with the same age but longer service. Enter "U" before the rate if all participants of that age are assumed to experience the same withdrawal rates, regardless of service. Enter "C" before the rate if criteria other than service apply to the rates used.

Line 6h. Salary Scale. If a uniform level annual rate of salary increase is used, enter that annual rate. Otherwise, enter the level annual rate of salary increase that is equivalent to the rate(s) of salary increase used. Enter the annual rate as a percentage to the nearest .01 percent, used for a participant from age 25 to assumed retirement age. If the plan's benefit formula is not related to compensation, check "N/A."

Line 6i. Estimated Investment Return. Enter the estimated rate of return on the actuarial value of plan assets for the 1-year period ending on the valuation date. For this purpose, the rate of return is determined by using the formula $2I/(A + B - I)$, where I is the dollar amount of the investment return under the asset valuation method used for the plan, A is the actuarial value of the assets one year ago, and B is the actuarial value of the assets on the current valuation date. Enter rates to the nearest .1 percent. If entering a negative number, enter a minus sign "–" to the left of the number.

Note. Use the above formula even if the actuary feels that the result of using the formula does not represent the true estimated rate of return on the actuarial value of plan assets for the 1-year period ending on the valuation date. The actuary may attach a statement showing both the actuary's estimate of the rate of return and the actuary's calculations of that rate and label the statement, ***"Schedule B, line 6i – Estimated Rate of Investment Return."***

Line 7. New Amortization Bases Established. List all new amortization bases established in the current plan year (before the combining of bases, if bases were combined). Use the following table to indicate the type of base established, and enter the appropriate code under "Type of Base." List amortization bases and charges and/or credits as of the valuation date. Bases that are considered fully amortized because there is a credit for the plan year on line 9l(3) should be listed. If entering a negative number, enter a minus sign "–" to the left of the number.

Code	Type of Amortization Base
1	Experience gain or loss
2	Shortfall gain or loss
3	Change in unfunded liability due to plan amendment
4	Change in unfunded liability due to change in actuarial assumptions
5	Change in unfunded liability due to change in actuarial cost method
6	Waiver of the minimum funding standard
7	Switchback from alternative funding standard account
8	Initial unfunded liability (for new plan)
9	170% current liability full funding limitation base

Line 8a. Funding Waivers or Extensions. If a funding waiver or extension request is approved after the Schedule B is filed, an amended Schedule B should be filed with Form 5500 to report the waiver or extension approval (also see instructions for line 9m(1)).

Line 8b. Alternative Methods or Rules. Enter the appropriate code from the table below if one or more of the alternative methods or rules were used for this plan year.

Code	Method or Rule
1	Shortfall method
2	Alternative funding standard account (AFSA)
3	Shortfall method used with AFSA
4	Plan is in reorganization status
5	Shortfall method used when in reorganization status

Shortfall Method: Only certain collectively bargained plans may elect the shortfall funding method (see regulations under Code section 412). Advance approval from the IRS for the election of the shortfall method of funding is NOT required if it is first adopted for the first plan year to which Code section 412 applies. However, advance approval from the IRS is required if the shortfall funding method is adopted at a later time, if a specific computation method is changed, or if the shortfall method is discontinued.

Alternative Minimum Funding Standard Account: A worksheet must be attached if the alternative minimum funding standard account is used and be labeled, ***"Schedule B, line 8b – Alternative Minimum Funding Standard Account."*** The worksheet should show:

1. The prior year alternate funding deficiency (if any).
2. Normal cost.
3. Excess, if any, of the value of accrued benefits over the market value of assets.
4. Interest on **1, 2,** and **3** above.
5. Employer contributions (total from columns (b) of line 3 of Schedule B).
6. Interest on **5** above.
7. Funding deficiency: if the sum of **1** through **4** above is greater than the sum of **5** and **6** above, enter the difference.

If the entry age normal cost method was not used as the valuation method, the plan may not switch to the alternative minimum funding standard account for this year. Additionally, in line **3** of the worksheet, the value of accrued benefits should exclude benefits accrued for the current plan year. The market value of assets should be reduced by the amount of any contributions for the current plan year.

Reorganization Status: Attach an explanation of the basis for the determination that the plan is in reorganization for this plan year and label the explanation, ***"Schedule B, line 8b – Reorganization Status Explanation."*** Also, attach a worksheet showing for this plan year:

1. The amounts considered contributed by employers,
2. Any amount waived by the IRS,
3. The development of the minimum contribution requirement (taking into account the applicable overburden credit, cash-flow amount, contribution bases and limitation on required increases on the rate of employer contributions), and
4. The resulting accumulated funding deficiency, if any, which is to be reported on line 9p.

Label the worksheet, ***"Schedule B, line 8b – Reorganization Status Worksheet."***

Line 8c. All multiemployer plans check "No." Plans other than multiemployer plans check "Yes" only if (a) the plan is covered by Title IV of ERISA and (b) the plan has active participants.

If line 8c is "Yes," attach a schedule of the active plan participant data used in the valuation for this plan year. Use the same size paper as the Schedule B and the format shown below and label the schedule **"*Schedule B, Line 8c – Schedule of Active Participant Data.*"**

Expand this schedule by adding columns after the "5 to 9" column and before the "40 & up" column for active participants with total years of credited service in the following ranges: 10 to 14; 15 to 19; 20 to 24; 25 to 29; 30 to 34; and 35 to 39. For each column, enter the number of active participants with the specified number of years of credited service divided according to age group. For participants with partial years of credited service, round the total number of years of credited service to the next lower whole number. Years of credited service are the years credited under the plan's benefit formula.

Plans reporting 1,000 or more active participants on line 2b(3) must also provide average compensation data. For each grouping, enter the average compensation of the active participants in that group. For this purpose, compensation is the

Schedule B, Line 8c—Schedule of Active Participant Data

Attained Age	YEARS OF CREDITED SERVICE: Under 1			1 to 4			5 to 9			40 & up		
	No.	Average Comp.	Average Cash Bal.	No.	Average Comp.	Average Cash Bal.	No.	Average Comp.	Average Cash Bal.	No.	Average Comp.	Average Cash Bal.
Under 25												
25 to 29												
30 to 34												
35 to 39												
40 to 44												
45 to 49												
50 to 54												
55 to 59												
60 to 64												
65 to 69												
70 & up												

compensation taken into account for each participant under the plan's benefit formula, limited to the amount defined under section 401(a)(17) of the Code. Do not enter the average compensation in any grouping that contains fewer than 20 participants.

Cash balance plans (or any plans using characteristic code 1C on line 8a of Form 5500), reporting 1,000 or more active participants on line 2b(3) must also provide average cash balance account data, regardless of whether all active participants have cash balance accounts. For each age/service bin, enter the average cash balance account of the active participants in that bin. Do not enter the average cash balance account in any age/service bin that contains fewer than 20 active participants.

General Rule. In general, data to be shown in each age/service bin includes:

1. the number of active participants in the age/service bin,
2. the average compensation of the active participants in the age/service bin, and
3. the average cash balance account of the active participant in the age/service bin, using $0 for anyone who has no cash balance account-based benefit.

If the accrued benefit is the greater of a cash balance benefit or some other benefit, average in only the cash balance account. If the accrued benefit is the sum of a cash balance account benefit and some other benefit, average in only the cash balance account. For both the average compensation and the average cash balance account, do not enter an amount for age/service bins with fewer than 20 active participants.

In lieu of the above, two alternatives are provided for showing compensation and cash balance accounts. Each alternative provides for two age/service scatters (one showing compensation and one showing cash balance accounts) as follows:

Alternative A:

- Scatter 1 — Provide participant count and average compensation for *all* active participants, whether or not participants have account-based benefits.
- Scatter 2 — Provide participant count and average cash balance account for *all* active participants, whether or not participants have account-based benefits.

Alternative B:

- Scatter 1 — Provide participant count and average compensation for *all* active participants, whether or not participants have account-based benefits (i.e., identical to Scatter 1 in Alternative A).
- Scatter 2 — Provide participant count and average cash balance account **for only those active participants with account-based benefits**. If the number of participants with account-based benefits in a bin is fewer than 20, the average account should not be shown even if there are more than 20 active participants in this bin on Scatter 1.

In general, information should be determined as of the valuation date. Average cash balance accounts may be determined as of either:

1. the valuation date or
2. the day immediately preceding the valuation date.

Average cash balance accounts that are offset by amounts from another plan may be reported either as amounts prior to taking into account the offset, or as amounts after taking into account the offset. Do not report the offset amount. For any other unusual or unique situation, the attachment should include an explanation of what is being provided.

If the plan is a multiple-employer plan, complete one or more schedules of active-participant data in a manner consistent with the computations for the funding requirements reported on line 9. See the specific instructions for **Lines 9a through 9q.** For example, if the funding requirements are computed as if each participating employer maintained a separate plan, attach a separate schedule for each participating employer in the multiple-employer plan.

Line 9. Shortfall Method. Under the shortfall method of funding, the normal cost in the funding standard account is the charge per unit of production (or per unit of service) multiplied by the actual number of units of production (or units of service) that occurred during the plan year. Each amortization installment in the funding standard account is similarly calculated.

Lines 9a through 9q. Multiple-Employer Plans. If the plan is a multiple-employer plan subject to the rules of Code section 413(c)(4)(A) for which minimum funding requirements are to be computed as if each employer were maintaining a separate plan, complete one Schedule B for the plan. Also submit an attachment completed in the same format as lines 9a through 9q showing, for this plan year, for each individual employer maintaining the plan, the development of the minimum contribution requirement (taking into account the applicable normal cost, amortization charges and credits, and all other applicable charges or credits to the funding standard account that would apply if the employer were maintaining a separate plan), and label the attachment, ***"Schedule B, lines 9a through 9q – Development of Minimum Contribution Requirement for Each Individual Employer."*** Compute the entries on Schedule B, except for the entries on lines 9a, 9h, 9o, and 9p, as the sum of the appropriate individual amounts computed for each employer. Compute the entry on line 9a as the sum of the prior year's funding deficiency, if any, for each individual employer and the entry on line 9p as the sum of the separately computed funding deficiency, if any, for the current year for each employer. Credit balance amounts on lines 9h and line 9o are separately computed in the same manner. (Note that it is possible for the Schedule B to show both a funding deficiency and a credit balance for section 413(c) plans. This could not appear for other plans.)

Lines 9c and 9j. Amortization Charges and Credits. If there are any amortization charges or credits, attach a maintenance schedule of funding standard account bases, and label the schedule, ***"Schedule B, lines 9c and 9j – Schedule of Funding Standard Account Bases."*** The attachment should clearly indicate the type of base (i.e., original unfunded liability, amendments, actuarial losses, etc.), the outstanding balance of each base, the number of years remaining in the amortization period, and the amortization amount. If bases were combined in the current year, the attachment should show information on bases both prior to and after the combining of bases.

The outstanding balance and amortization charges and credits must be calculated as of the valuation date for the plan year.

Note. If an election was made under Code section 412(b)(7)(f) to defer a portion of an amount otherwise determined under section 412(b)(2)(B)(iv), include an attachment describing this calculation and label the schedule, **"Schedule B, line 9c – Deferral of Charge for Portion of Net Experience Loss"**.

Line 9c(1). 170% Current Liability Full Funding Limitation Base. If a credit was entered on line 9l(5) on the prior year's Schedule B, establish a new base equal to the amount of the credit (increased with interest to the current valuation date at the valuation rate) and amortize the base over a 20-year period at the valuation rate.

Note. No current liability full funding limitation bases are established under the funding methods that do not provide for amortization bases (see Q&A-3 of Rev. Rul. 2000-20, 2000-1 C.B.880).

Line 9c(2). Amortization for funding waivers must be based on the interest rate provided in Section 412(d) ("mandated rate").

Line 9d. Interest as Applicable. Interest as applicable should be charged to the last day of the plan year. The mandated rates must be used when calculating interest on any amortization charges for funding waivers.

Line 9e. If the funded current liability percentage for the preceding year reported in line 4a is at least 100%, quarterly contributions are not required for the current plan year.

Interest is charged for the entire period of underpayment. Refer to IRS Notice 89-52, 1989-1 C.B. 692, for a description of how this amount is calculated.

Note. Notice 89-52 was issued prior to the amendment of section 412(m)(1) by the Revenue Reconciliation Act of 1989. Rather than using the rate in the Notice, the applicable interest rate for this purpose is the greater of:

1. 175% of the Federal mid-term rate at the beginning of the plan year,
2. The rate used to determine the “RPA ’94” current liability, or
3. The valuation rate.

All other descriptions of the additional interest charge contained in Notice 89-52 still apply.

Line 9f. Enter the required additional funding charge from line 12q. Check “N/A” if line 12 is not applicable.

Note. If an election was made under Code section 412(l)(12) to reduce the amount of contributions required under Code section 412(l)(1) (determined without regard to Code section 412(l)(12), include an attachment describing this calculation and label the schedule, **“Schedule B, line 9f – Alternative Deficit Reduction Contribution”**.

Line 9h. Note that the credit balance or funding deficiency at the end of “Year X” should be equal to the credit balance or funding deficiency at the beginning of “Year X+1.” If such credit balances or funding deficiencies are not equal, attach an explanation and label the attachment, ***“Schedule B, line 9h – Explanation of Prior year Credit Balance/Funding Deficiency Discrepancy.”*** For example, if the difference is because contributions for a prior year that were not previously reported are received this plan year, attach a listing of the amounts and dates of such contributions.

Line 9l(1). ERISA Full Funding Limitation. Instructions for this line are reserved pending published guidance.

Line 9l(2). “RPA ’94” Override. Instructions for this line are reserved pending published guidance.

Line 9l(3). Full Funding Credit. Enter the excess of **(1)** the accumulated funding deficiency, disregarding the credit balance and contributions for the current year, if any, over **(2)** the greater of lines 9l(1) or 9l(2).

Line 9m(1). Waived Funding Deficiency Credit. Enter a credit for a waived funding deficiency for the current plan year (Code section 412(b)(3)(C)). If a waiver of a funding deficiency is pending, report a funding deficiency. If the waiver is granted after Form 5500 is filed, file an amended Form 5500 with an amended Schedule B to report the funding waiver (see page 6 of the **Instructions for Form 5500**).

Line 9m(2). Other Credits. Enter a credit in the case of a plan for which the accumulated funding deficiency is determined under the funding standard account if such plan year follows a plan year for which such deficiency was determined under the alternative minimum funding standard.

Line 9q. Reconciliation Account. The reconciliation account is made up of those components that upset the balance equation of Treasury Regulation section 1.412(c)(3)-1(b). Valuation assets should not be adjusted by the reconciliation account balance when computing the required minimum funding.

Line 9q(1). The accumulation of additional funding charges for prior plan years must be included. Enter the sum of line 9q(1) (increased with interest at the valuation rate to the first day of the current plan year) and line 9f, both from the prior year’s Schedule B (Form 5500).

Line 9q(2). The accumulation of additional interest charges due to late or unpaid quarterly installments for prior plan years must be included. Enter the sum of line 9q(2) (increased with interest at the valuation rate to the first day of the current plan year) and line 9e, both from the prior year’s Schedule B (Form 5500).

Line 9q(3)(a). If a waived funding deficiency is being amortized at an interest rate that differs from the valuation rate, enter the prior year’s “reconciliation waiver outstanding balance” increased with interest at the valuation rate to the current valuation date and decreased by the year end amortization amount based on the mandated interest rate. Enter the amounts as of the valuation date. Also, include in this line reconciliation amounts due to extensions of amortization periods that have been approved by the IRS.

Line 9q(4). Enter the sum of lines 9q(1), 9q(2), and 9q(3)(b) (each adjusted with interest at the valuation rate to the current valuation date, if necessary).

Note. The net outstanding balance of amortization charges and credits minus the prior year’s credit balance minus the amount on line 9q(4) (each adjusted with interest at the valuation rate, if necessary) must equal the unfunded liability.

Line 10. Contribution Necessary to Avoid Deficiency. Enter the amount from line 9p. However, if the alternative funding standard account is elected and the accumulated funding deficiency under that method is smaller than line 9p, enter such amount (also see instructions for line 8b). For multiemployer plans in reorganization, see the instructions for line 8b. File Form 5330 with the IRS to pay the 10% excise tax (5% in the case of a multiemployer plan) on the funding deficiency.

Line 11. In accordance with ERISA section 103(d)(3), attach a justification for any change in actuarial assumptions for the current plan year and label the attachment, ***“Schedule B, line 11 – Justification for Change in Actuarial Assumptions.”*** The preceding sentence applies for all plans.

The following instructions are applicable only to changes in current liability assumptions for plans (other than multiemployer plans) subject to Title IV of ERISA that resulted in a decrease in the unfunded current liability (UCL). If the current liability assumptions (other than a change in the assumptions required under Code section 412(l)(7)(C)) were changed for the current plan year and such change resulted in a decrease in UCL, approval for such a change may be required. However, if one of the following three conditions is satisfied with respect to a change in assumptions for a plan year, then the plan sponsor is not required to obtain approval from the IRS for such change(s):

Condition 1: Aggregate Unfunded Vested Benefits

The aggregate unfunded vested benefits as of the close of the plan year preceding the year in which assumptions were changed (as determined under section 4006(a)(3)(E)(iii) of ERISA) for the plan, and all other plans maintained by contributing sponsors (as defined in section 4001(a)(13) of ERISA) and members of such sponsor’s controlled group (as defined in section 4001(a)(14) of ERISA) which are covered by Title IV of ERISA (disregarding plans with no unfunded vested benefits) is less than or equal to $50 million.

Condition 2: Amount of Decrease in UCL

The change in assumptions (other than a change required under Code section 412(l)(7)(C)) resulted in a decrease in the UCL of the plan for the plan year in which the assumptions were changed of less than or equal to $5 million.

Condition 3: Amount of Decrease in UCL, and CL Before Change in Assumptions

Although the change in assumptions (other than a change required under Code section 412(l)(7)(C)) resulted in a decrease in the UCL of the plan for the plan year in which the assumptions were changed which was greater than $5 million and less than or equal to $50 million, the decrease was less than five percent of the current liability of the plan before such change.

If the current liability assumptions for the plan have been changed, and such change requires approval of the Service, enter on an attachment the date(s) of the ruling letter(s) granting approval and label the attachment, ***“Schedule B, line 11 – Change in Current Liability Assumptions Approval Date.”***

If the current liability assumptions for the plan have been changed, and such change would have required approval in the absence of satisfaction of one of the conditions outlined above, enter on an attachment the number of the applicable condition and the plan year for which it applies and label the attachment, ***"Schedule B, line 11 – Change in Current Liability Applicable Condition."*** If condition 1 or 2 applies, also enter the amount of the decrease in UCL. Note that only one of the conditions needs to be entered.

Specific Instructions for Part II

Line 12. Additional Required Funding Charge. There is no additional funding charge for plans that have 100 or fewer participants in the prior plan year (as defined under the **Who Must File** discussion for Schedule B). Do not complete Part II for such plans.

Line 12a. A plan's "Gateway %" is equal to the actuarial value of assets (line 1b(2), unreduced by any credit balance) divided by the current liability computed with the highest allowable interest rate (line 1d(2)(c)). If line 1d(2)(c) is not completed in accordance with instructions for that line, use "RPA '94" current liability reported on line 1d(2)(a). There is no additional funding charge for plan years beginning in 2004 if the "Gateway %" is at least 90%. In such cases, enter -0- on line 12q. There is no additional funding charge for plan years beginning in 2004 if **(a)** the "Gateway %" (for 2004) is at least 80% but less than 90%, and **(b)** the "Gateway %" for the plan years beginning in 2003 and 2002 were at least 90%, or, the "Gateway %" for the plan years beginning in 2002 and 2001 were at least 90% (in such case, enter -0- on line 12q).

Note. Section 1508 of TRA '97 provided transition rules for certain plans sponsored by companies engaged primarily in the interurban or interstate passenger bus service that have "Gateway" percentages that are greater than certain prescribed minimum percentages. These transition rules are effective for such plans for any plan year beginning after 1996 and before 2010. If one of these transition rules is used, line 12a should be completed, and, if appropriate, a zero should be entered in line 12q. Attach a demonstration of the use of this transition rule to the Schedule B and label the attachment, ***"Schedule B, line 12a – TRA '97 Transition Rule."***

Note. Section 101(d)(2) of the Pension Funding Equity Act of 2004 provided a lookback rule for the purpose of applying section 412(l)(9)(B)(ii) of the Internal Revenue Code of 1986, for plan year beginning after December 31, 2003. If this lookback rule is used, attach a demonstration of the use of this lookback rule to the Schedule B and label the attachment, ***"Schedule B, line 12a – Volatility Lookback Rule."***

Line 12c. Enter the actuarial value of assets (line 1b(2)), reduced by the prior year's credit balance (line 9h). If line 9h was determined at a date other than the valuation date, adjust the credit balance for interest at the valuation rate to the current valuation date before subtracting. Do not add a prior year's funding deficiency to the assets.

Line 12d. Funded Current Liability Percentage. Enter the actuarial value of the assets expressed as a percentage of "RPA '94" current liability. Enter the result to the nearest .01% (e.g., 28.72%).

Line 12f. Enter the liability for any unpredictable contingent event (other than events that occurred before the first plan year beginning after 1988) that was included in line 12b, whether or not such unpredictable contingent event has occurred.

Line 12g. Enter the outstanding balance of the unfunded old liability as of the valuation date. This is line 12(g) of the 2003 Schedule B reduced by the prior year's amortization amount, and adjusted for interest at the prior year's current liability interest rate from the prior year's valuation date to the current valuation date. The unfunded old liability (and therefore all its components) will be considered fully amortized in accordance with Q&A-7 of Rev. Rul. 96-20, 1996-1 C.B. 62.

Note. In the case of a collectively bargained plan, this amount must be increased by the unamortized portion of any "unfunded existing benefit increase liability" in accordance with Code section 412(l)(3)(C).

Line 12h. This amount is the unfunded new liability. It is recomputed each year. If a negative result is obtained, enter zero.

Line 12i. If the unfunded new liability is zero, enter zero for the unfunded new liability amount. If the unfunded new liability is greater than zero, first calculate the amortization percentage as follows:

1. If the funded current liability percentage (line 12d) is less than or equal to 60%, the amortization percentage is 30%.
2. If the current liability percentage exceeds 60%, the amortization percentage is determined by reducing 30% by the product of 40% and the amount of such excess. Enter the resulting amortization percentage to the nearest 0.01 percent.

The unfunded new liability amount is equal to the above-calculated percentage of the unfunded new liability.

Line 12j. Enter the amortization amount for line 12g based on the "RPA '94" current liability interest rate (line 6a) in effect for the plan year and the following amortization period:

In general: For the 2004 plan year, the remaining amortization period is 3 years.

Special rule: In the case of a collectively bargained plan, the amortization amount must be increased by the amortization of any "unfunded existing benefit increase liability" in accordance with Code section 412(l)(3)(C)(ii). For any such amortization, the amortization period is equal to the remainder of the original 18-year period that applied when the amortization began.

Base maintenance: On a separate attachment, show the initial amount of each DRC amortization base (as defined in Rev. Rul. 96-20) being amortized under the general or special rule, the outstanding balance of each DRC amortization base, the number of years remaining in the amortization period, and the amortization amount (with the valuation date as the due date of the amortization amount), and label the schedule, ***"Schedule B, line 12j – Schedule of DRC Bases."*** It is not necessary to list separately the unfunded old liability base and the additional unfunded old liability base.

Line 12l. Enter the result determined by subtracting the amortization credits (line 9j) from the sum of the normal cost and the amortization charges (lines 9b, 9c(1) and 9c(2)). Use the valuation date as the due date for the amortization amounts. If entering a negative number, enter a minus sign "–" to the left of the number.

Line 12m. Unpredictable Contingent Event Amount. Line 12m does not apply to the unpredictable contingent event benefits (and related liabilities) for an event that occurred before the first plan year beginning after December 31, 1988.

Line 12m(1). Enter the total of all benefits paid during the plan year that were paid solely because an unpredictable event occurred.

Line 12m(4). Amortization of All Unpredictable Contingent Event Liabilities. Amortization should be based on the "RPA '94" current liability interest rate (line 6a), using the valuation date as the due date. The initial amortization period for each base established in a plan year is generally 7 years; however, see Code section 412(l)(5) for special rules.

Note. An alternative calculation of an unpredictable contingent amount is available for the first year of amortization. Refer to Code section 412(l)(5)(D) for a description. If this alternative calculation is used, include an attachment describing the calculation, and label the schedule, ***"Schedule B, line 12m(4) – Alternative UCEB Calculation."***

Line 12m(5). "RPA '94" Additional Amount. Subtract line 12g from line 12e. If the result is zero or less than zero, enter -0-. If the result is a positive number, multiply the result by the percentage used to calculate line 12i. Enter the excess, if any, of this amount over the amount on line 12i.

Line 12n. Preliminary charge. Adjust with interest using the "RPA '94" current liability interest rate.

Line 12o. Contributions needed to increase current liability percentage to 100%. This amount is equal to the excess, if any, of the "adjusted current liability" over the "adjusted assets."

The adjusted current liability is equal to the excess of (1) the sum of lines 1d(2)(a) and 1d(2)(b), over (2) line 1d(2)(d), each adjusted to the end of the plan year using the “RPA ’94” current liability interest rate. Note that a special rule under Code section 412(b)(5)(B)(ii)(II) provides that, for the 2004 plan year, the interest rate used to determine current liability must not be above and must not be more than 10 percent below the weighted average of the rates of interest, as set forth by the Treasury department, on amounts invested conservatively in long-term investment-grade corporate bonds during the 4-year period ending on the last day before the beginning of the plan year.

The adjusted assets are equal to the actuarial value of assets for the plan year adjusted by (1) subtracting any credit balance (or adding any debit balance) in the plan’s funding standard account as of the end of the prior plan year, adjusted with interest to the valuation date at the valuation interest rate, (2) subtracting the disbursements from the plan (including single sum distributions) expected to be paid after the valuation date but prior to the end of the plan year, (3) adding the charges to the funding standard account as maintained under Code section 412(b) for the plan year (other than the additional funding charge under Code section 412(l)), and (4) subtracting the credits to the funding standard account as maintained under Code section 412(b) for the plan year (other than credits under Code sections 412(b)(3)(A) and 412(b)(3)(C)). The actuarial value of assets and the adjustments described above are determined as of the valuation date, and each is appropriately adjusted with interest to the end of the plan year at the valuation interest rate. The result of the calculation of adjusted assets may be a negative number.

Line 12q. If the plan had 150 or more participants on each day of the preceding plan year, enter 100%. If the plan had less than 150 participants but more than 100 participants on each day of the preceding plan year, enter the applicable percentage. The same participant aggregation rule described in the instructions for line 12 applies. The applicable percentage is calculated as follows: **(1)** Determine the greatest number of participants on any day during the preceding plan year in excess of 100. **(2)** The applicable percentage is 2% times the number of such participants in excess of 100. The percentage should not exceed 100%. The amount on line 12q is also the amount entered on line 9f.