

provides that, for purposes of determining current liability, the mortality table used shall be the table prescribed by the Secretary, and sets forth the basis for establishing a table. For plan years beginning before the effective date of the first tables prescribed under § 412(l)(7)(C)(ii)(II), the table must be based on the prevailing commissioners' standard table (described in § 807(d)-(5)(A)) used to determine reserves for group annuity contracts issued on January 1, 1993. Rev. Rul. 95-28, 1995-1 C.B. 74, sets forth this mortality table.

Section 412(l)(7)(C)(iii)(I) provides that, for plan years beginning after December 31, 1995, the Secretary shall establish mortality tables that may be used, in lieu of the tables under § 412(l)(7)(C)(ii), to determine current liability under § 412(l) for individuals who are entitled to benefits under the plan on account of disability. The Secretary must establish separate tables for individuals whose disabilities occurred in plan years beginning before January 1, 1995, and for individuals whose disabilities occur in plan years beginning after December 31, 1994. Under § 412(l)(7)(C)(iii)(II), the mortality table for individuals whose disabilities occur in plan years beginning after December 31, 1994, applies only with respect to individuals who are disabled within the meaning of title II of the Social Security Act and the regulations thereunder.

The alternative mortality tables provided for under § 412(l)(7)(C)(iii) are permitted to be used in the specified circumstances, but are not required to be used. For any individual for whom these alternative mortality tables are not used, the mortality table prescribed under § 412(l)(7)(C)(ii) must be used.

The alternative mortality tables provided under § 412(l)(7)(C)(iii) may be used only for individuals who are entitled to benefits under the plan on account of disability. For this purpose, an individual is entitled to benefits under a plan on account of disability if, because of the occurrence of a disability, the individual is entitled to receive a benefit to which the individual would not be entitled in the absence of the disability. For example, an individual is entitled to benefits under a plan on account of disability if, upon the occurrence of a disability at a time before the individual would have been entitled to receive an unreduced normal retirement benefit upon retire-

## Section 412.—Minimum Funding Standards

**Disability mortality tables.** This ruling provides mortality tables for use under section 412(l) for plan years after 1995 to calculate current liability for individuals entitled to benefits on account of disability.

### Rev. Rul. 96-7

#### ISSUE

What alternative mortality tables may be used to calculate a plan's current liability under § 412(l) of the Internal Revenue Code for individuals who are entitled to benefits under the plan on account of disability?

#### LAW AND ANALYSIS

Section 412(l) provides additional funding requirements for certain underfunded defined benefit pension plans that have more than 100 participants and that are not multiemployer plans. In general, the additional funding requirements are determined based on a plan's unfunded current liability.

Section 751(a) of the Retirement Protection Act of 1994 added § 412(l)-(7)(C)(ii) to the Code, effective for plan years beginning after December 31, 1994. Section 412(l)(7)(C)(ii)

ment, the individual is entitled to receive the same annuity that would have been payable to the individual upon retirement at normal retirement age. As a further example, an individual is entitled to benefits under a plan on account of disability if the individual, who would not otherwise be earning service credits, is credited with years of service for the period of disability. On the other hand, an individual is not entitled to benefits on account of disability if the individual separates from the service of the employer because of a disability, but merely receives the same benefit that would have been payable if the individual had separated from service without the occurrence of the disability.

For purposes of § 412(l)(7)(C)(iii), any individual who has become entitled to benefits under a plan on account of disability continues to be considered entitled to benefits under the plan on account of disability until the individual recovers from disability and becomes entitled to different benefits under the plan than the individual would have been entitled to if the individual had not recovered.

Under § 412(l), nothing prohibits the use of an additional actuarial assumption that meets the requirements of § 412(c) regarding the probability of recovery from disability.

#### HOLDING

The mortality tables provided below, as applicable, may be used for plan years beginning after December 31, 1995, in lieu of the mortality table required to be used under § 412(l)(7)(C)(ii), for purposes of determining current liability. The first mortality table provided below may be used for plan years beginning after December 31, 1995, in lieu of the mortality table required to be used under § 412(l)(7)(C)(ii), for purposes of determining current liability for individuals entitled to benefits under the plan on account of disability, whose disabilities occurred in plan years beginning before January 1, 1995. The second mortality table provided below may be used for plan years beginning after December 31, 1995, in lieu of the mortality table required to be used under § 412(l)(7)(C)(ii), for purposes of determining current liability for individuals entitled to benefits under the plan on account of disability, whose disabilities occur in

plan years beginning after December 31, 1994. This second mortality table may be used only for individuals who are disabled within the meaning of title II of the Social Security Act and the regulations thereunder. The mortality table required to be used under § 412(l)(7)(C)(ii) must be used for individuals whose disabilities occur in plan years beginning after December 31, 1994, but who are not disabled within the meaning of title II of the Social Security Act and the regulations thereunder.

#### MORTALITY TABLE FOR DISABILITIES OCCURRING IN PLAN YEARS BEGINNING BEFORE JANUARY 1, 1995

The following mortality table is the mortality table that is permitted to be used for individuals entitled to benefits under the plan on account of disability, whose disabilities occurred in plan years beginning before January 1, 1995. The table sets forth the number living based upon a starting population of one million lives at age 15 ( $l_x$ ), and the annual rate of mortality ( $q_x$ ), to be used for each age and each gender.

Age	$l_x$ male	$q_x$ male
15	1,000,000.00	0.006245
16	993,755.00	0.006493
17	987,302.55	0.006749
18	980,639.24	0.007018
19	973,757.12	0.007297
20	966,651.61	0.007586
21	959,318.59	0.007887
22	951,752.45	0.008201
23	943,947.13	0.008526
24	935,899.03	0.008864
25	927,603.22	0.009216
26	919,054.43	0.009581
27	910,248.97	0.009964
28	901,179.25	0.010358
29	891,844.84	0.010768
30	882,241.45	0.011190
31	872,369.17	0.011624
32	862,228.75	0.012071
33	851,820.79	0.012531
34	841,146.62	0.013022
35	830,193.21	0.013421
36	819,051.19	0.013892
37	807,672.93	0.014380
38	796,058.59	0.014889
39	784,206.07	0.015420
40	772,113.62	0.015976
41	759,778.33	0.016562
42	747,194.88	0.017179
43	734,358.82	0.017831

Age	$l_x$ male	$q_x$ male
44	721,264.47	0.018521
45	707,905.93	0.019251
46	694,278.03	0.020025
47	680,375.11	0.020846
48	666,192.01	0.021716
49	651,724.99	0.022639
50	636,970.59	0.023624
51	621,922.79	0.024617
52	606,612.92	0.025865
53	590,922.88	0.027076
54	574,923.05	0.028263
55	558,674.00	0.029451
56	542,220.49	0.030667
57	525,592.21	0.031937
58	508,806.38	0.033281
59	491,872.79	0.034700
60	474,804.81	0.036185
61	457,623.99	0.037729
62	440,358.30	0.039325
63	423,041.21	0.040976
64	405,706.67	0.042720
65	388,374.88	0.044607
66	371,050.64	0.046684
67	353,728.52	0.049000
68	336,395.82	0.051594
69	319,039.81	0.054468
70	301,662.35	0.057612
71	284,282.98	0.061019
72	266,936.32	0.064679
73	249,671.14	0.068604
74	232,542.70	0.072881
75	215,594.76	0.076965
76	199,001.51	0.081027
77	182,877.01	0.085222
78	167,291.87	0.089592
79	152,303.86	0.094182
80	137,959.57	0.099034
81	124,296.89	0.104194
82	111,345.90	0.109705
83	99,130.69	0.115609
84	87,670.29	0.121952
85	76,978.73	0.128777
86	67,065.64	0.136128
87	57,936.13	0.144048
88	49,590.54	0.152581
89	42,023.97	0.161771
90	35,225.71	0.171662
91	29,178.79	0.182297
92	23,859.59	0.193720
93	19,237.51	0.205975
94	15,275.06	0.219106
95	11,928.20	0.234086
96	9,135.98	0.248436
97	6,866.27	0.263954
98	5,053.89	0.280803
99	3,634.74	0.299154
100	2,547.40	0.319185
101	1,734.31	0.341086
102	1,142.76	0.365052
103	725.59	0.393102
104	440.36	0.427255
105	252.21	0.469531

Age	$l_x$ male	$q_x$ male	Age	$l_x$ female	$q_x$ female	Age	$l_x$ male	$q_x$ male
106	133.79	0.521945	69	458,649.12	0.031848	15	1,000,000.00	0.022010
107	63.96	0.586518	70	444,042.06	0.033123	16	977,990.00	0.022502
108	26.45	0.665268	71	429,334.06	0.034916	17	955,983.27	0.023001
109	8.85	0.760215	72	414,343.43	0.036986	18	933,994.70	0.023519
110	2.12	1.000000	73	399,018.52	0.039352	19	912,028.08	0.024045
			74	383,316.35	0.042033	20	890,098.36	0.024583
			75	367,204.41	0.044540	21	868,217.07	0.025133
			76	350,849.13	0.047104	22	846,396.17	0.025697
			77	334,322.73	0.049840	23	824,646.33	0.026269
			78	317,660.08	0.052794	24	802,983.70	0.026857
			79	300,889.54	0.056017	25	781,417.96	0.027457
			80	284,034.61	0.059556	26	759,962.57	0.028071
			81	267,118.64	0.063460	27	738,629.66	0.028704
			82	250,167.29	0.067777	28	717,428.04	0.029345
			83	233,211.70	0.072556	29	696,375.11	0.029999
			84	216,290.80	0.077845	30	675,484.55	0.030661
			85	199,453.64	0.083693	31	654,773.52	0.031331
			86	182,760.77	0.090148	32	634,258.81	0.032006
			87	166,285.25	0.097260	33	613,958.72	0.032689
			88	150,112.35	0.105075	34	593,889.03	0.033405
			89	134,339.29	0.113643	35	574,050.16	0.034184
			90	119,072.57	0.123012	36	554,426.83	0.034981
			91	104,425.22	0.133216	37	535,032.43	0.035796
			92	90,514.11	0.143634	38	515,880.41	0.036634
			93	77,513.20	0.155581	39	496,981.64	0.037493
			94	65,453.62	0.169181	40	478,348.31	0.038373
			95	54,380.11	0.184537	41	459,992.65	0.039272
			96	44,344.97	0.201757	42	441,927.82	0.040189
			97	35,398.06	0.222043	43	424,167.18	0.041122
			98	27,538.17	0.243899	44	406,724.58	0.042071
			99	20,821.64	0.268185	45	389,613.27	0.043033
			100	15,237.59	0.295187	46	372,847.04	0.044007
			101	10,739.65	0.325225	47	356,439.16	0.044993
			102	7,246.85	0.358897	48	340,401.90	0.045989
			103	4,645.98	0.395842	49	324,747.15	0.046993
			104	2,806.90	0.438360	50	309,486.31	0.048004
			105	1,576.47	0.487816	51	294,629.73	0.049021
			106	807.44	0.545886	52	280,186.69	0.050042
			107	366.67	0.614309	53	266,165.58	0.051067
			108	141.42	0.694884	54	252,573.31	0.052093
			109	43.15	0.789474	55	239,416.00	0.053120
			110	9.08	1.000000	56	226,698.23	0.054144
						57	214,423.88	0.055089
						58	202,611.48	0.056068
						59	191,251.46	0.057080
						60	180,334.83	0.058118
						61	169,854.13	0.059172
						62	159,803.52	0.060232
						63	150,178.23	0.061303
						64	140,971.86	0.062429
						65	132,171.12	0.063669
						66	123,755.92	0.065082
						67	115,701.64	0.066724
						68	107,981.56	0.068642
						69	100,569.49	0.070834
						70	93,445.75	0.073284
						71	86,597.67	0.075979
						72	80,018.07	0.078903
						73	73,704.40	0.082070
						74	67,655.48	0.085606
						75	61,863.77	0.088918
						76	56,362.97	0.092208

MORTALITY TABLE FOR  
DISABILITIES OCCURRING IN  
PLAN YEARS BEGINNING AFTER  
DECEMBER 31, 1994

The following mortality table is the mortality table that is permitted to be used for individuals entitled to benefits under the plan on account of disability, whose disabilities occur in plan years beginning after December 31, 1994. This mortality table may be used only for individuals who are disabled within the meaning of title II of the Social Security Act and the regulations thereunder. The table sets forth the number living based upon a starting population of one million lives at age 15 ( $l_x$ ), and the annual rate of mortality ( $q_x$ ), to be used for each age and each gender.

Age	$l_x$ male	$q_x$ male	Age	$l_x$ female	$q_x$ female	Age	$l_x$ female	$q_x$ female
77	51,165.85	0.095625	35	784,858.55	0.017654	92	30,512.99	0.176332
78	46,273.11	0.099216	36	771,002.66	0.018204	93	25,132.57	0.189011
79	41,682.08	0.103030	37	756,967.32	0.018770	94	20,382.24	0.202571
80	37,387.58	0.107113	38	742,759.05	0.019355	95	16,253.39	0.217045
81	33,382.88	0.111515	39	728,382.95	0.019957	96	12,725.67	0.232467
82	29,660.19	0.116283	40	713,846.61	0.020579	97	9,767.37	0.248870
83	26,211.21	0.121464	41	699,156.36	0.021219	98	7,336.57	0.266289
84	23,027.49	0.127108	42	684,320.96	0.021880	99	5,382.92	0.284758
85	20,100.52	0.133262	43	669,348.02	0.022561	100	3,850.09	0.303433
86	17,421.88	0.139974	44	654,246.86	0.023263	101	2,681.85	0.327385
87	14,983.27	0.147292	45	639,027.11	0.023988	102	1,803.85	0.359020
88	12,776.35	0.155265	46	623,698.13	0.024734	103	1,156.23	0.395842
89	10,792.63	0.163939	47	608,271.58	0.025504	104	698.55	0.438360
90	9,023.30	0.173363	48	592,758.22	0.026298	105	392.33	0.487816
91	7,458.99	0.183585	49	577,169.87	0.027117	106	200.95	0.545886
92	6,089.63	0.194653	50	561,518.75	0.027961	107	91.25	0.614309
93	4,904.27	0.206615	51	545,818.12	0.028832	108	35.20	0.694884
94	3,890.97	0.219519	52	530,081.10	0.029730	109	10.74	0.789474
95	3,036.83	0.234086	53	514,321.79	0.030655	110	2.26	1.000000
96	2,325.95	0.248436	54	498,555.25	0.031609			
97	1,748.10	0.263954	55	482,796.42	0.032594			
98	1,286.68	0.280803	56	467,060.15	0.033608			
99	925.38	0.299154	57	451,363.19	0.034655			
100	648.55	0.319185	58	435,721.20	0.035733			
101	441.54	0.341086	59	420,151.58	0.036846			
102	290.94	0.365052	60	404,670.67	0.037993			
103	184.73	0.393102	61	389,296.02	0.039176			
104	112.11	0.427255	62	374,044.96	0.040395			
105	64.21	0.469531	63	358,935.41	0.041653			
106	34.06	0.521945	64	343,984.68	0.042950			
107	16.28	0.586518	65	329,210.53	0.044287			
108	6.73	0.665268	66	314,630.79	0.045666			
109	2.25	0.760215	67	300,262.86	0.046828			
110	0.54	1.000000	68	286,202.15	0.048070			
			69	272,444.41	0.049584			
			70	258,935.53	0.051331			
			71	245,644.11	0.053268			
			72	232,559.14	0.055356			
			73	219,685.59	0.057573			
			74	207,037.63	0.059979			
			75	194,619.72	0.062574			
			76	182,441.59	0.065480			
			77	170,495.31	0.068690			
			78	158,783.99	0.072237			
			79	147,313.91	0.076156			
			80	136,095.07	0.080480			
			81	125,142.14	0.085243			
			82	114,474.65	0.090480			
			83	104,116.98	0.096224			
			84	94,098.43	0.102508			
			85	84,452.59	0.109368			
			86	75,216.18	0.116837			
			87	66,428.15	0.124948			
			88	58,128.08	0.133736			
			89	50,354.26	0.143234			
			90	43,141.82	0.153477			
			91	36,520.54	0.164498			

#### EFFECTIVE DATE

This revenue ruling is effective for plan years beginning after December 31, 1995.

#### DRAFTING INFORMATION

The principal author of this revenue ruling is Edward Sypher of the Employee Plans Division. For further information regarding this revenue ruling, please contact the Employee Plans Division's taxpayer assistance telephone service at (202) 622-6076 between 2:30 and 4:00 Eastern time (not a toll-free number) Monday through Thursday. Mr. Sypher's number is (202) 622-6245 (also not a toll-free number).

#### Section 483. Interest on Certain Deferred Payments

*26 CFR 1.483-1: Computation of interest on certain deferred payments.*

As defined by section 1274A, the definitions for both "qualified debt instruments" and "cash method debt instruments" have dollar ceilings on the stated principal amount. The limits to the stated principal amount are adjusted for inflation for sales or exchanges occurring in the 1996 calendar year. See Rev. Rul. 96-4, page 16.

#### Section 761.—Definitions

The Service will not rule on certain issues raised in connection with the transfer of a life

insurance policy to an unincorporated organization. See Rev. Proc. 96-12, page 30.

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## **Section 1274. Determination of Issue Price in the Case of Certain Debt Instruments Issued for Property**

*26 CFR 1.1274A-1: Special rules for certain transactions where stated principal amount does not exceed \$2,800,000.*

As defined by section 1274A, the definitions for both “qualified debt instruments” and “cash method debt instruments” have dollar ceilings on the stated principal amount. The limits to the stated principal amount are adjusted for inflation for sales or exchanges occurring in the 1996 calendar year. See Rev. Rul. 96-4, this page.