Part XII: Defined Benefit Plans – Alternate Designs

Cash Balance Plans

1201. What is a cash balance plan?

A cash balance plan is one form of a nontraditional defined benefit plan sometimes referred to as a hybrid plan. Cash balance plans were introduced in 1985 when BankAmerica Corporation adopted the first cash balance plan. These plans have been the topic of a great deal of debate in past years because several well-known public companies announced the conversion of their traditional defined benefit plans to cash balance plans. These companies were accused of age discrimination and misleading employees. The issues became so widely publicized that the Internal Revenue Service (IRS) issued a field directive on September 15, 1999, instructing field offices to stop reviewing determination letter applications for cash balance plans.

The Economic Growth And Tax Relief Reconciliation Act of 2001 (EGTRRA) added additional disclosure requirements for a conversion of a traditional defined benefit plan to a cash balance plan and imposed an excise tax for failure to comply. An excise tax is also imposed for failure to properly notify participants of a reduction in benefit accruals, which tend to occur for older participants in the conversion.[[1]](#footnote-1)

IRS Notice 2007-6[[2]](#footnote-2) provides guidance on cash balance plans and opened the determination letter program for plans that were being held for review. The notice also introduced some terms that apply to cash balance plans:

1. A “statutory hybrid plan” is one that is a lump-sum-based plan, i.e., the retirement benefit is based on a theoretical lump sum.

2. A “lump-sum based plan” is a defined benefit plan in which the accumulated benefit (accrued benefit) is based on the balance of a hypothetical account balance.

3. The “accumulated benefit” is the participant’s accrued benefit either expressed as an annuity paid at normal retirement or the balance of a hypothetical account balance.

A cash balance plan is a defined benefit plan that defines benefits for each participant by reference to that employee’s hypothetical account.[[3]](#footnote-3) This hypothetical account is established based on contribution credits and interest credits as provided in the plan document, not actual investment experience and not actual contributions. The contribution credits must satisfy the same nondiscrimination requirements that a defined contribution plan would be required to satisfy, i.e., the same percentage of compensation for each participant or the same dollar amount for each participant. Furthermore, the contribution credit may take permitted disparity into consideration in determining the contribution credits.[[4]](#footnote-4) As an alternative the contribution credits may be determined by a different method from the safe harbor, e.g. contribution credits based on job description as in a class allocation profit sharing plan, but must satisfy the general test of Code section 401(a)(4).[[5]](#footnote-5)

1202. How are contribution credits determined in a cash balance plan?

The amount of the contribution credits can be based on the following:

* the employer’s retirement income replacement targets for the employees
* the benefit being provided in the current plan, if any, that is being replaced
* benefits available from other plans, such as 401(k)s
* grandfather provisions guaranteeing prior benefits to employees closer to retirement
* If there is a minimum benefit?
* cost levels are acceptable to the employer to provide retirement benefits
* what other employers in the same industry offer their employees

In addition to the basic contribution credits, the plan sponsor may offer early retirement supplements. This can be accomplished by increasing the account balance of an employee electing early retirement by a stated percentage, or by increasing annuity purchase rates (providing a higher income per dollar of account balance) to supplement early retirement benefits. The employer may increase opening balances for older employees to make up for lower accrual (contribution) rates in the cash balance plan or offer higher contribution credits for older employees. Some companies may increase their contribution to savings plans, e.g., 401(k) plans, to make up part of the reduced accruals in the cash balance plan.

1203. What is a “safe harbor” cash balance plan?

In a *safe harbor cash balance plan*, the following requirements must be met:

1. The plan is an “accumulation” plan: It is a defined benefit plan under which each employee’s benefit for the plan year is separately determined using plan year compensation separately calculated for the plan year rather than projecting benefits. The employee’s total accrued benefit as of the end of a plan year is the sum of the separately determined benefits for that year and all earlier years.

2. The hypothetical allocation for the plan year must be determined with one of two formulas: one that would satisfy the safe harbor for a defined contribution plan with a uniform allocation formula, or one that would satisfy the general test under Code section 401(a)(4) for nondiscrimination in the amount of contributions.

Interest adjustments to the hypothetical accounts must be made at least annually until normal retirement age. No precondition, such as continued employment, may be imposed.

The interest rate must be the same for all employees for all plan years. It may be a “standard” fixed interest rate, e.g., 7.5 percent to 8.5 percent[[6]](#footnote-6) or it may be a variable rate. If a variable rate is used, it is assumed that the current variable rate will be the same for all future years until retirement age. As an alternative, an average of several prior periods, not to exceed five, may be used.

3. A variable rate may be subject to a cap or a floor. If a variable rate is used, the most common permissible references are:[[7]](#footnote-7)

a. three-month treasury bills;

b. six-month treasury bills;

c. one-year treasury bills;

d. the yield on one-year treasury constant maturities;

e. the yield on two-year treasury constant maturities;

f. the yield on five-year treasury constant maturities;

g. the yield on ten-year treasury constant maturities; and

h. the yield on thirty-year treasury constant maturities.

The current value of the hypothetical account at any time must equal the sum of all hypothetical allocations and interest adjustments. The projected value at normal retirement age is the sum of hypothetical allocations already provided plus interest adjustments provided through normal retirement age. The projected value at normal retirement of an employee’s hypothetical account is used to determine the employee’s accrued benefit as of any age before normal retirement age. The hypothetical value at retirement is then converted to an annuity using standard mortality tables.

5. An employee’s accrued benefit is defined as an annuity at normal retirement age that is the actuarial equivalent of the hypothetical account as of normal retirement age.

6. Each subsidized optional form of benefit must be available to all employees, e.g., early retirement.

7. Past service credit may be granted, but only uniformly to all employees.

8. Employees beyond normal retirement age must continue to be credited with interest adjustments to their hypothetical accounts and have their accrued benefits adjusted accordingly.

9. Uniformity as to vesting and service requirements is required, and no employee contributions are allowed.

10. Changes in benefit formula, allocation formula, or interest rates may be made for plan years after a fresh-start date. This is essentially the same concept as in a traditional defined benefit plan requiring that the accrued benefit be maintained as of the date of a change in benefits and future benefits to accrue at the new rate. The fresh-start date is the effective date of the change.

1204. How is a cash balance plan funded?

The actual funding of the cash balance plan is based on the projected benefit, as in a traditional defined benefit plan. The following example illustrates the differences.

*Example.* The following data provided for the three employees is used to illustrate the differences between cash balance plans and traditional defined benefit plans:

|  |  |  |  |
| --- | --- | --- | --- |
|  | *Salary* | *Age* | *Retirement*  *Age* |
| Employee 1 | $ 25,000 | 30 | 65 |
| Employee 2 | $ 35,000 | 38 | 65 |
| Employee 3 | $ 50,000 | 45 | 65 |

In this case, the traditional defined benefit plan provides a benefit of 5 percent of high three-year average compensation times years of service up to ten years. The cash balance plan credits contributions at the rate of 10.48 percent and interest at 5 percent. All contributions are made at the end of the year.[[8]](#footnote-8) Each employee’s retirement benefit and reserve at retirement for both the traditional plan and the cash balance plan follow. For comparison purposes, the two plans were designed so Employee 2 would receive the same benefits in each plan:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Traditional Plan** | | **Cash Balance Plan** | |
| *Monthly*  *Retirement*  *Benefit* | *Reserve at*  *Retirement* | *Monthly*  *Retirement*  *Benefit* | *Reserve at*  *Retirement* |
| Employee 1 | $ 1,041.67 | $ 143,250 | $ 1,720.97 | $ 236,667 |
| Employee 2 | $ 1,458.33 | $ 200,550 | $ 1,458.33 | $ 200,550 |
| Employee 3 | 2,083.33$ | $ 286,500 | $ 1,260.08 | $ 173,286 |

The youngest, Employee 1, receives an increased benefit from the cash balance plan because of the effect of compounding of the contribution credits. Employee 2 will receive the same benefit by design, and Employee 3, the oldest, will receive a reduced benefit due to fewer years of compounding. After the benefit is determined in the cash balance plan, that benefit is funded as in a traditional defined benefit plan.

In some cases, companies converting their plans offer additional contribution credits for older participants to make up for the lower benefits in the cash balance plan. The companies adopting the cash balance plans take the position that in a mobile workforce, a cash balance plan provides more portable benefits that can be rolled over to a plan of a new employer or an IRA and is much easier for the employee to understand. A traditional defined benefit plan expresses the employee’s benefit in the form of monthly income at retirement and attempts to report the accrued benefit in the same form as earned. A cash balance plan reports benefits to employees in the form of a theoretical account balance, something the employee already understands if he or she is participating in a 401(k) plan.

1205. Is there a difference in the way benefits are valued for distribution at termination of employment?

Termination benefits differ between cash balance plans and traditional defined benefit plans. For the traditional plan, the payout at termination of service, if available in a lump sum, is the present value of the accrued benefit. In the cash balance plan, the payout at termination is the hypothetical account balance if in a lump sum.

*Example.* The following are the payouts for both a cash balance plan and a traditional defined benefit plan (assume all employees are 100 percent vested and salaries have not changed):

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Monthly**  **Accrued**  **Benefit** | **Traditional**  **Plan Payout**  **at Termination** | **Cash Balance**  **Payout at**  **Termination** |
|
|
| Employee 1 – Age 30 |  |  |  |
| End of Year 1 | $ 104.17 | $ 2,726.83 | $ 2,751.32 |
| End of Year 2 | $ 208.33 | $ 5,726.35 | $ 5,640.21 |
| End of Year 3 | $ 312.50 | $ 9,019.00 | $ 8,673.55 |
| At age 65 | $ 1,041.67 | $ 143,250.00 | $ 236,667.11 |
| Employee 2 – Age 38 |  |  |  |
| End of Year 1 | $ 145.83 | $ 5,640.28 | $ 3,851.85 |
| End of Year 2 | $ 291.67 | $ 11,844.59 | $ 7,896.30 |
| End of Year 3 | $ 625.00 | $ 37,499.70 | $ 17,347.10 |
| At age 65 | $ 1,48.33 | $ 200,550.00 | $ 200,550.00 |
| Employee 3 – Age 45 |  |  |  |
| End of Year 1 | $ 208.33 | $ 11,337.78 | $ 5,502.65 |
| End of Year 2 | $ 416.67 | $ 23,809.33 | $ 11,280.43 |
| End of Year 3 | $ 625.00 | $ 37,499.70 | $ 17,347.10 |
| At age 65 | $ 1,041.67 | $ 143,250.00 | $ 236,667.11 |

The payout for Employee 1 is close in both plans but is significantly higher in later years and at retirement in the cash balance plan because of the effect of compounding. Employee 2 receives the same benefit at retirement but also will receive a higher payout on termination before retirement from the traditional defined benefit plan. Employee 3 is ahead in the early years in the traditional plan but loses significant benefits in later years because of the fixed contribution in the cash balance plan and fewer years for the compounding of investment returns to take effect.

Fully Insured 412(e) Plans

1206. What is a 412(e) plan (formerly 412(i) plans)?

Another nontraditional defined benefit plan is the fully insured plan, or the 412(e), plan. The “412(e)” refers to Code section 412(e), which sets forth the guidelines for fully insured plans. Requirements include the following:[[9]](#footnote-9)

1. A fully insured plan is funded exclusively by individual or group insurance, annuity contracts, or both.

2. The funding contracts must provide for level annual premiums from the date of participation until retirement as defined in the plan.

3. A fully insured plan provides only the benefits provided by the funding contract and is guaranteed by an insurance carrier.

4. A fully insured plan must pay all premiums before the contracts funding the benefits lapse.

5. No rights under the contracts have been subject to a security interest at any time during the plan year.

6. A fully insured plan may not allow for policy loans.

Section 412 generally requires a defined benefit plan to fund the retirement benefits as earned, the benefits earned attributable to past service, the cost of benefit increases, and the gain or cost resulting from actual experience as opposed to assumptions—that is, actual investment returns, salaries, turnover, etc., must be funded over a specific number of years. A section 412(e) plan is specifically exempt from these requirements if the plan complies with requirements 1 through 6 above.[[10]](#footnote-10)

1207. What is the advantage of a 412(e) plan?

The greatest advantage of the section 412(e) plan is the high level of contributions necessary to fund the plan compared to traditional defined benefit plans. This high level of contributions results from the highly conservative assumptions that underlie the insurance or annuity contracts used to fund the benefits. Many insurance companies have developed special products for section 412(e) plans. Generally these products pay dividends in later years because of excess earnings but allow the plan sponsor to fund large amounts in the early years. This is perfect for a mature company in which the owner began funding retirement benefits late in his or her career and would like to semi-retire in a few years, just as the contribution for the pension plan is reduced because of increasing dividends. A typical annuity contract used in fully insured plans may assume 3 percent to 4 percent pre-retirement interest, 3 percent to 4 percent postretirement interest, and 1971 individual annuity mortality. Compare this to the typical assumptions that must be reasonable in the aggregate[[11]](#footnote-11) in a traditional defined benefit plan: 5 percent to 6 percent preretirement interest, 5 percent to 6 percent post-retirement interest, and 1983 individual annuity mortality.

1208. Can a traditional defined benefit plan be converted to a 412(e) plan?

If a traditional defined benefit plan is converted to a fully insured plan, a single-premium, deferred annuity contract would be purchased for each participant for benefits attributable to past service—that is, the accrued benefit as of the time of conversion, and a level-premium, deferred annuity contract would be purchased for each participant for the excess of the projected benefit over the accrued benefit. If the total premiums paid for the year of conversion to fund the accrued benefits were in excess of the plan assets that excess is deductible, as are the level annual premiums being paid to fund the remaining benefits.[[12]](#footnote-12) That excess premium paid, if any, would be amortized over ten years.[[13]](#footnote-13)

Any conversion from a traditional defined benefit plan subject to Code section 412 that is converted to a 412(e) plan must satisfy the following requirements:[[14]](#footnote-14)

1. The plan must satisfy Code sections 412(e), 403(a) “Taxability of Beneficiary under a Qualified Annuity Plan,” and 404(a)(2) “Deductibility of Employee Annuity Plans.”

2. All benefits accruing for each participant on and after the conversion date are funded by level annual premium contracts.

3. All benefits accrued for each participant before the conversion date are guaranteed through insurance or annuity contracts.

4. There are meaningful continuing benefit accruals under the plan after the conversion date.

5. The following actions must be taken before the conversion date, which would be the first day of the plan year of conversion:

a. Contracts are purchased guaranteeing the accrued benefits.

b. Remaining plan assets are applied to the payment of premiums for level annual premium contracts funding the remaining benefits.

c. Any plan amendments necessary for the conversion are adopted.

In addition, meaningful accruals must continue for at least three plan years after the conversion date. Although it has not been stated, it has been accepted that top-heavy minimum accruals would be reasonable accruals. If the five listed requirements are not satisfied on or before the first day of the plan year, the plan will be subject to the minimum funding standards of Code section 412 as a traditional defined benefit plan for that plan year.

1209. What is the IRS position on 412(e) plans?

IRS classifies noncompliant plans into two classes: abusive and merely noncompliant. The determination of whether a plan is abusive is based on the following:

1. Is the plan holding or purchasing insurance policies with springing cash values, high surrender charges, or exchange rights for policies with higher values?

2. Is the employer manipulating coverage by firing employees or using multiple entities?

3. Is the plan designed to discriminate in favor of highly compensated employees?

4. Are policies being purchased with a death benefit in excess of the incidental benefits by $100,000 or more?

If IRS determines that the plan is abusive the plan must be terminated, and all contributions become taxable subject to interest charges and penalties. If the plan is merely noncompliant there are two options offered by the IRS to resolve the defective plan. First the plan sponsor may terminate the plan, and pay taxes, interest, and penalties on the reversed contributions and earnings. This is essentially the same result as the abusive plan. The second alternative is to convert the plan to a traditional defined benefit plan.

The IRS has ruled in Revenue Ruling 2004-20[[15]](#footnote-15) that item 4 will be considered a listed transaction. A listed transaction is one in which the IRS takes the position that the transaction may not comply with the Internal Revenue Code and must be closely reviewed. If such a transaction exists the tax payer must file a Form 8886 with the tax return to alert the IRS of the listed transaction most likely triggering an audit. If the listed transaction is not reported to the IRS and it is uncovered on audit the corporate taxpayer is subject to a $200,000 penalty.

Floor Offset Plans

1210. What is a floor offset plan?

The floor offset plan is based on a combination of a defined benefit plan and a defined contribution plan. It recognizes that younger participants realize a considerable benefit from the effect of compound interest as compared to older participants.

In application all eligible employees participate in both plans. The contribution in the defined contribution plan is projected to retirement with interest and converted to a benefit, as in a defined benefit plan. The defined benefit plan “formula benefit” is then reduced by the benefit provided in the defined contribution plan, and the remaining benefit is funded in the defined benefit plan.

In a safe harbor floor offset arrangement:[[16]](#footnote-16)

* The defined benefit plan may not require employee mandatory contributions.
* The defined benefit plan and the defined contribution plan must benefit the same employees.
* The offset must be applied to all employees on the same terms.
* All employees in the defined contribution plan must have the same investment options available to them.
* Nonforfeitable benefits in the defined benefit plan may be offset only by nonforfeitable benefits in the defined contribution plan.

Additionally, Revenue Ruling 76-259[[17]](#footnote-17) allowed floor offset plans so long as:

1. The defined benefit plan provides definitely determinable benefits, i.e., the benefits must preclude discretion on the part of the plan sponsor.

2. The fact that the contribution to the defined contribution plan is discretionary did not cause the plan to fail requirement 1.

3. The defined benefit plan must provide the actuarial basis, i.e., the assumptions, to be used in determining the benefit offset from the defined contribution plan.

4. The defined benefit plan must specify the time as of which the offset is to be made, precluding discretion on the part of the plan sponsor.

1211. How is a floor offset plan funded?

The original purpose of the floor offset plan was to guarantee older participants a minimum, or “floor,” benefit in the defined benefit plan, recognizing that they have less time to accumulate funds in a defined contribution plan. In a small company, such as the one used in the example below, the purpose is to reduce the costs for the younger participants compared to the owners and key employees. This expected cost difference in the floor offset arrangement results from the treatment of investment gains in a defined benefit plan versus a defined contribution plan.

In the defined benefit plan, the investment earnings in excess of the assumed rate of investment return reduces the contribution over time, whereas in the defined contribution plan, the “excess” investment earnings accrue to the participant’s account and increase benefits. The effect of compound interest on the account balance of a younger participant greatly increases his or her benefit, eliminating the need to fund that benefit in the defined benefit plan; however, the relative cost effect takes time for the compounding to work. As each year progresses, the total cost for the nonhighly compensated employees will go down as more of their benefits are funded with the “excess” investment earnings in the defined contribution plan.

*Example.* Consider the following defined contribution plan linked with a defined benefit plan. The defined contribution plan provides for a contribution of 10 percent of compensation with a maximum contribution of $5,000. Contributions are accumulated at 5 percent interest and projected account balances are converted to monthly benefits using a conversion rate of $137.53 per dollar of benefit at age sixty-five. As of the end of the first plan year, December 31, 2013, the participant’s accounts are:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | *Age* | *Salary* | *2015*  *Contribution* | *12/31/2015*  *Acct Balance* | *Value at*  *Retirement* | *Equivalent*  *Benefit* | *Closing Bal*  *12/31/2015* |
| Harold | 60 | $ 245,000 | $ 5,000 | $ 5,000 | $ 6,381 | $ 46.40 | $ 5,000 |
| John | 55 | $ 100,000 | $ 5,000 | $ 5,000 | $ 8,144 | $ 59.22 | $ 5,000 |
|  |  |  |  |  |  |  |  |
| Nancy | 42 | $ 25,000 | $ 2,500 | $ 2,500 | $ 7,679 | $ 55.84 | $ 2,500 |
| Max | 38 | $ 35,000 | $ 3,500 | $ 3,500 | $ 13,067 | $ 95.02 | $ 3,500 |
| Louis | 29 | $ 28,000 | $ 2,800 | $ 2,800 | $ 16,217 | $ 117.93 | $ 2,800 |
| Randy | 45 | $ 50,000 | $ 5,000 | $ 5,000 | $ 13,266 | $ 96.47 | $ 5,000 |
| Jesse | 25 | $ 18,000 | $ 1,800 | $ 1,800 | $ 12,672 | $ 92.15 | $ 1,800 |

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For each participant, the floor offset plan calculates the value of the account at retirement age by projecting the account balance at the same rate of return that is being used in the defined benefit plan. For simplicity we have used 5 percent. The projected balance at retirement is then converted to a monthly benefit using the same assumptions as in the defined benefit plan (1983 individual annuity mortality (IAM) male rates at 5 percent). Harold will have an account balance of $6,381 at age sixty-five (the first year’s contribution of $5,000 with interest for five years at 5 percent). Dividing that account balance by the annuity purchase rate of $137.52 provides a monthly benefit at retirement age of $46.40. The table below shows how that affects the defined benefit plan in the first plan year ending December 31, 2015 .

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | *Benefit at Retirement* | *Benefit Provided by Offset Plan* | *DB Acc’d Benefit* | *Net Accrued Benefit to Fund in DB* | *Present Value of Tot Acc’d Benefit* | *Pay from DB Plan* | *Percent Paid from DB Plan* |
| Harold | $ 8,750 | $ 46 | $ 1,750 | $ 1,704 | $ 168,702 | $ 164,229 | 97.3% |
| John | $ 8,333 | $ 59 | $ 1,750 | $ 1,691 | $ 127,140 | $ 122,837 | 96.6% |
|  |  |  |  |  |  |  |  |
| Nancy | $ 2,083 | $ 56 | $ 625 | $ 569 | $ 20,403 | $ 18,580 | 91.1% |
| Max | $ 2,917 | $ 95 | $ 292 | $ 197 | $ 7,412 | $ 4,997 | 67.4% |
| Louis | $ 2,333 | $ 118 | $ 1,400 | $ 1,282 | $ 20,255 | $ 18,548 | 91.6% |
| Randy | $ 4,167 | $ 92 | $ 1,750 | $ 1,658 | $ 64,002 | $ 60,632 | 94.7% |
| Jesse | $ 1,500 | $ 96 | $ 900 | $ 804 | $ 10,137 | $ 9,050 | 89.3% |

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1212. What are the disadvantages of a floor offset plan?

As seen previously the benefits in the defined benefit plan are offset by the projected benefits in the defined contribution plan for funding purposes. In the event of a participant’s termination, however, the distribution from each plan is based on the vested benefits. While the employee is working there may be no contributions made to the defined benefit plan if the projected benefit from the defined contribution plan is in excess of the benefit in the defined benefit plan. When the defined benefit distribution is made to the terminated employee only vested benefits can be used to offset the benefit in the defined benefit plan. If this is insufficient to fully fund the vested benefit in the defined benefit plan, then some of the assets in the defined benefit plan must be used to pay the employee even though no contributions have been made in that plan for the employee. This could be a surprise to the plan sponsor if the concept is not explained in advance of adopting the plan.

1. . EGTRRA Sec. 659(a); IRC Sec. 4980(F). [↑](#footnote-ref-1)
2. . 2007-1 CB 272. [↑](#footnote-ref-2)
3. . Treas. Reg. §1.401(a)(4)-8(c)(3). [↑](#footnote-ref-3)
4. . Treas. Reg. §1.401(a)(4)-8(c)(3)(iii)(B). [↑](#footnote-ref-4)
5. . Treas. Reg. §1.401(a)(4)-8(c)(3)(iii)(C). [↑](#footnote-ref-5)
6. Treas. Reg. 1.401(a)(4)-12 [↑](#footnote-ref-6)
7. Treas. Reg. 1.401(a)(4) 8(c)(3)(iv)(C)(2) [↑](#footnote-ref-7)
8. . Treas. Reg. §1.401(1)(4)-8(c)(3)(vi)(C). [↑](#footnote-ref-8)
9. . IRC Sec. 412(e); Treas. Reg. §1.412(e)-1(b)(2). [↑](#footnote-ref-9)
10. . IRC Sec. 412(h)(2). [↑](#footnote-ref-10)
11. . IRC Sec. 412(c)(3). [↑](#footnote-ref-11)
12. . Rev. Rul. 81-196, 1981-2 C.B. 107; IRC Sec. 404(a)(1)(A). [↑](#footnote-ref-12)
13. . IRC Sec. 404(a)(1)(A)(iii). [↑](#footnote-ref-13)
14. . Rev. Rul. 94-75, 1994-2 C.B. 59. [↑](#footnote-ref-14)
15. . Rev. Rul. 2004-20, 2004-10 IRB 546. [↑](#footnote-ref-15)
16. . Treas. Reg. §1.401(a)(4)-8(d). [↑](#footnote-ref-16)
17. . Rev. Rul. 76-259, 1976-2 C.B. 111. [↑](#footnote-ref-17)