

take into account contributions required under this section (without regard to this paragraph). If a plan remains in funding restoration status for 2 or more years, such funding restoration plan shall be updated each year after the 1st such year within 180 days of receipt by the plan sponsor of a certification from the plan actuary that the plan remains in funding restoration status for the plan year.

(4) Annual certification by plan actuary

Not later than the 90th day of each plan year of a CSEC plan, the plan actuary shall certify to the plan sponsor whether or not the plan is in funding restoration status for the plan year, based on the plan's funded percentage as of the beginning of the plan year. For this purpose, the actuary may conclusively rely on an estimate of—

(A) the plan's funding liability, based on the funding liability of the plan for the preceding plan year and on reasonable actuarial estimates, assumptions, and methods, and

(B) the amount of any contributions reasonably anticipated to be made for the preceding plan year.

Contributions described in subparagraph (B) shall be taken into account in determining the plan's funded percentage as of the beginning of the plan year.

(5) Definitions

For purposes of this subsection—

(A) Funding restoration status

A CSEC plan shall be treated as in funding restoration status for a plan year if the plan's funded percentage as of the beginning of such plan year is less than 80 percent.

(B) Funded percentage

The term “funded percentage” means the ratio (expressed as a percentage) which—

- (i) the value of plan assets (as determined under subsection (c)(2)), bears to
- (ii) the plan's funding liability.

(C) Funding liability

The term “funding liability” for a plan year means the present value of all benefits accrued or earned under the plan as of the beginning of the plan year, based on the assumptions used by the plan pursuant to this section, including the interest rate described in subsection (b)(5)(A) (without regard to subsection (b)(5)(B)).

(D) Spread gain funding method

The term “spread gain funding method” has the meaning given such term under rules and forms issued by the Secretary.

(E) Plan sponsor

The term “plan sponsor” means, with respect to a CSEC plan, the association, committee, joint board of trustees, or other similar group of representatives of the parties who establish or maintain the plan.

(Added Pub. L. 113-97, title II, §202(a), Apr. 7, 2014, 128 Stat. 1122; amended Pub. L. 115-141, div. U, title IV, §401(a)(108), (109)(A), Mar. 23, 2018, 132 Stat. 1189.)

Editorial Notes

REFERENCES IN TEXT

Section 412 (as in effect on the day before the enactment of the Pension Protection Act of 2006), referred to in subsecs. (b)(2)(E), (c)(2)(B), (5)(A), and (f)(5)(B), means section 412 of this title as in effect on the day before the enactment of Pub. L. 109-280, which was approved Aug. 17, 2006. Section 111(a) of Pub. L. 109-280 generally amended section 412.

Section 104 of the Pension Protection Act of 2006, referred to in subsec. (b)(6), is section 104 of Pub. L. 109-280, which is set out as a note under section 401 of this title.

The Social Security Act, referred to in subsecs. (c)(4)(A) and (h)(3)(C)(ii), is act Aug. 14, 1935, ch. 531, 49 Stat. 620, which is classified generally to chapter 7 (§301 et seq.) of Title 42, The Public Health and Welfare. Title II of the Act is classified generally to subchapter II (§401 et seq.) of chapter 7 of Title 42. For complete classification of this Act to the Code, see section 1305 of Title 42 and Tables.

The Employee Retirement Income Security Act of 1974, referred to in subsecs. (c)(5)(C)(ii)(II), (d), and (g)(2), (4)(C), is Pub. L. 93-406, Sept. 2, 1974, 88 Stat. 829, which is classified principally to chapter 18 (§1001 et seq.) of Title 29, Labor. Title IV of the Act is classified principally to subchapter III (§1301 et seq.) of chapter 18 of Title 29. Sections 4001, 4006, 4021, and 4068 of the Act are classified to sections 1301, 1306, 1321, and 1368 of Title 29, respectively. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of Title 29 and Tables.

The date of the enactment of the Retirement Protection Act of 1994, referred to in subsec. (g)(2), is the date of enactment of subtitle F of title VII of Pub. L. 103-465, which was approved Dec. 8, 1994.

AMENDMENTS

2018—Pub. L. 115-141, §401(a)(109)(A), inserted “for CSEC plans” after “funding standards” in section catchline.

Subsec. (c)(5)(C)(ii)(II). Pub. L. 115-141, §401(a)(108), inserted “of such Act” after “title IV”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

Section applicable to years beginning after Dec. 31, 2013, see section 3 of Pub. L. 113-97, set out as an Effective Date of 2014 Amendment note under section 401 of this title.

SUBPART B—BENEFIT LIMITATIONS UNDER SINGLE-EMPLOYER PLANS

Sec.

436. Funding-based limits on benefits and benefit accruals under single-employer plans.

Editorial Notes

AMENDMENTS

2018—Pub. L. 115-141, div. U, title IV, §401(a)(110), Mar. 23, 2018, 132 Stat. 1189, substituted “Funding-based limits on benefits and benefit accruals under single-employer plans” for “Funding-based limitation on shutdown benefits and other unpredictable contingent event benefits under single-employer plans” in item 436.

§ 436. Funding-based limits on benefits and benefit accruals under single-employer plans

(a) General rule

For purposes of section 401(a)(29), a defined benefit plan which is a single-employer plan (other than a CSEC plan) shall be treated as meeting the requirements of this section if the

plan meets the requirements of subsections (b), (c), (d), and (e).

(b) Funding-based limitation on shutdown benefits and other unpredictable contingent event benefits under single-employer plans

(1) In general

If a participant of a defined benefit plan which is a single-employer plan is entitled to an unpredictable contingent event benefit payable with respect to any event occurring during any plan year, the plan shall provide that such benefit may not be provided if the adjusted funding target attainment percentage for such plan year—

(A) is less than 60 percent, or

(B) would be less than 60 percent taking into account such occurrence.

(2) Exemption

Paragraph (1) shall cease to apply with respect to any plan year, effective as of the first day of the plan year, upon payment by the plan sponsor of a contribution (in addition to any minimum required contribution under section 430) equal to—

(A) in the case of paragraph (1)(A), the amount of the increase in the funding target of the plan (under section 430) for the plan year attributable to the occurrence referred to in paragraph (1), and

(B) in the case of paragraph (1)(B), the amount sufficient to result in an adjusted funding target attainment percentage of 60 percent.

(3) Unpredictable contingent event benefit

For purposes of this subsection, the term “unpredictable contingent event benefit” means any benefit payable solely by reason of—

(A) a plant shutdown (or similar event, as determined by the Secretary), or

(B) an event other than the attainment of any age, performance of any service, receipt or derivation of any compensation, or occurrence of death or disability.

(c) Limitations on plan amendments increasing liability for benefits

(1) In general

No amendment to a defined benefit plan which is a single-employer plan which has the effect of increasing liabilities of the plan by reason of increases in benefits, establishment of new benefits, changing the rate of benefit accrual, or changing the rate at which benefits become nonforfeitable may take effect during any plan year if the adjusted funding target attainment percentage for such plan year is—

(A) less than 80 percent, or

(B) would be less than 80 percent taking into account such amendment.

(2) Exemption

Paragraph (1) shall cease to apply with respect to any plan year, effective as of the first day of the plan year (or if later, the effective date of the amendment), upon payment by the plan sponsor of a contribution (in addition to any minimum required contribution under section 430) equal to—

(A) in the case of paragraph (1)(A), the amount of the increase in the funding target of the plan (under section 430) for the plan year attributable to the amendment, and

(B) in the case of paragraph (1)(B), the amount sufficient to result in an adjusted funding target attainment percentage of 80 percent.

(3) Exception for certain benefit increases

Paragraph (1) shall not apply to any amendment which provides for an increase in benefits under a formula which is not based on a participant's compensation, but only if the rate of such increase is not in excess of the contemporaneous rate of increase in average wages of participants covered by the amendment.

(d) Limitations on accelerated benefit distributions

(1) Funding percentage less than 60 percent

A defined benefit plan which is a single-employer plan shall provide that, in any case in which the plan's adjusted funding target attainment percentage for a plan year is less than 60 percent, the plan may not pay any prohibited payment after the valuation date for the plan year.

(2) Bankruptcy

A defined benefit plan which is a single-employer plan shall provide that, during any period in which the plan sponsor is a debtor in a case under title 11, United States Code, or similar Federal or State law, the plan may not pay any prohibited payment. The preceding sentence shall not apply on or after the date on which the enrolled actuary of the plan certifies that the adjusted funding target attainment percentage of such plan (determined by not taking into account any adjustment of segment rates under section 430(h)(2)(C)(iv)) is not less than 100 percent.

(3) Limited payment if percentage at least 60 percent but less than 80 percent

(A) In general

A defined benefit plan which is a single-employer plan shall provide that, in any case in which the plan's adjusted funding target attainment percentage for a plan year is 60 percent or greater but less than 80 percent, the plan may not pay any prohibited payment after the valuation date for the plan year to the extent the amount of the payment exceeds the lesser of—

(i) 50 percent of the amount of the payment which could be made without regard to this section, or

(ii) the present value (determined under guidance prescribed by the Pension Benefit Guaranty Corporation, using the interest and mortality assumptions under section 417(e) of the maximum guarantee with respect to the participant under section 4022 of the Employee Retirement Income Security Act of 1974.

(B) One-time application

(i) In general

The plan shall also provide that only 1 prohibited payment meeting the require-

ments of subparagraph (A) may be made with respect to any participant during any period of consecutive plan years to which the limitations under either paragraph (1) or (2) or this paragraph applies.

(ii) Treatment of beneficiaries

For purposes of this subparagraph, a participant and any beneficiary on his behalf (including an alternate payee, as defined in section 414(p)(8)) shall be treated as 1 participant. If the accrued benefit of a participant is allocated to such an alternate payee and 1 or more other persons, the amount under subparagraph (A) shall be allocated among such persons in the same manner as the accrued benefit is allocated unless the qualified domestic relations order (as defined in section 414(p)(1)(A)) provides otherwise.

(4) Exception

This subsection shall not apply to any plan for any plan year if the terms of such plan (as in effect for the period beginning on September 1, 2005, and ending with such plan year) provide for no benefit accruals with respect to any participant during such period.

(5) Prohibited payment

For purpose of this subsection, the term “prohibited payment” means—

(A) any payment, in excess of the monthly amount paid under a single life annuity (plus any social security supplements described in the last sentence of section 411(a)(9)), to a participant or beneficiary whose annuity starting date (as defined in section 417(f)(2)) occurs during any period a limitation under paragraph (1) or (2) is in effect,

(B) any payment for the purchase of an irrevocable commitment from an insurer to pay benefits, and

(C) any other payment specified by the Secretary by regulations.

Such term shall not include the payment of a benefit which under section 411(a)(11) may be immediately distributed without the consent of the participant.

(e) Limitation on benefit accruals for plans with severe funding shortfalls

(1) In general

A defined benefit plan which is a single-employer plan shall provide that, in any case in which the plan’s adjusted funding target attainment percentage for a plan year is less than 60 percent, benefit accruals under the plan shall cease as of the valuation date for the plan year.

(2) Exemption

Paragraph (1) shall cease to apply with respect to any plan year, effective as of the first day of the plan year, upon payment by the plan sponsor of a contribution (in addition to any minimum required contribution under section 430) equal to the amount sufficient to result in an adjusted funding target attainment percentage of 60 percent.

(f) Rules relating to contributions required to avoid benefit limitations

(1) Security may be provided

(A) In general

For purposes of this section, the adjusted funding target attainment percentage shall be determined by treating as an asset of the plan any security provided by a plan sponsor in a form meeting the requirements of subparagraph (B).

(B) Form of security

The security required under subparagraph (A) shall consist of—

(i) a bond issued by a corporate surety company that is an acceptable surety for purposes of section 412 of the Employee Retirement Income Security Act of 1974,

(ii) cash, or United States obligations which mature in 3 years or less, held in escrow by a bank or similar financial institution, or

(iii) such other form of security as is satisfactory to the Secretary and the parties involved.

(C) Enforcement

Any security provided under subparagraph (A) may be perfected and enforced at any time after the earlier of—

(i) the date on which the plan terminates,

(ii) if there is a failure to make a payment of the minimum required contribution for any plan year beginning after the security is provided, the due date for the payment under section 430(j), or

(iii) if the adjusted funding target attainment percentage is less than 60 percent for a consecutive period of 7 years, the valuation date for the last year in the period.

(D) Release of security

The security shall be released (and any amounts thereunder shall be refunded together with any interest accrued thereon) at such time as the Secretary may prescribe in regulations, including regulations for partial releases of the security by reason of increases in the adjusted funding target attainment percentage.

(2) Prefunding balance or funding standard carryover balance may not be used

No prefunding balance or funding standard carryover balance under section 430(f) may be used under subsection (b), (c), or (e) to satisfy any payment an employer may make under any such subsection to avoid or terminate the application of any limitation under such subsection.

(3) Deemed reduction of funding balances

(A) In general

Subject to subparagraph (C), in any case in which a benefit limitation under subsection (b), (c), (d), or (e) would (but for this subparagraph and determined without regard to subsection (b)(2), (c)(2), or (e)(2)) apply to such plan for the plan year, the plan sponsor

of such plan shall be treated for purposes of this title as having made an election under section 430(f) to reduce the prefunding balance or funding standard carryover balance by such amount as is necessary for such benefit limitation to not apply to the plan for such plan year.

(B) Exception for insufficient funding balances

Subparagraph (A) shall not apply with respect to a benefit limitation for any plan year if the application of subparagraph (A) would not result in the benefit limitation not applying for such plan year.

(C) Restrictions of certain rules to collectively bargained plans

With respect to any benefit limitation under subsection (b), (c), or (e), subparagraph (A) shall only apply in the case of a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers.

(g) New plans

Subsections (b), (c), and (e) shall not apply to a plan for the first 5 plan years of the plan. For purposes of this subsection, the reference in this subsection to a plan shall include a reference to any predecessor plan.

(h) Presumed underfunding for purposes of benefit limitations

(1) Presumption of continued underfunding

In any case in which a benefit limitation under subsection (b), (c), (d), or (e) has been applied to a plan with respect to the plan year preceding the current plan year, the adjusted funding target attainment percentage of the plan for the current plan year shall be presumed to be equal to the adjusted funding target attainment percentage of the plan for the preceding plan year until the enrolled actuary of the plan certifies the actual adjusted funding target attainment percentage of the plan for the current plan year.

(2) Presumption of underfunding after 10th month

In any case in which no certification of the adjusted funding target attainment percentage for the current plan year is made with respect to the plan before the first day of the 10th month of such year, for purposes of subsections (b), (c), (d), and (e), such first day shall be deemed, for purposes of such subsection, to be the valuation date of the plan for the current plan year and the plan's adjusted funding target attainment percentage shall be conclusively presumed to be less than 60 percent as of such first day.

(3) Presumption of underfunding after 4th month for nearly underfunded plans

In any case in which—

(A) a benefit limitation under subsection (b), (c), (d), or (e) did not apply to a plan with respect to the plan year preceding the current plan year, but the adjusted funding target attainment percentage of the plan for such preceding plan year was not more than

10 percentage points greater than the percentage which would have caused such subsection to apply to the plan with respect to such preceding plan year, and

(B) as of the first day of the 4th month of the current plan year, the enrolled actuary of the plan has not certified the actual adjusted funding target attainment percentage of the plan for the current plan year,

until the enrolled actuary so certifies, such first day shall be deemed, for purposes of such subsection, to be the valuation date of the plan for the current plan year and the adjusted funding target attainment percentage of the plan as of such first day shall, for purposes of such subsection, be presumed to be equal to 10 percentage points less than the adjusted funding target attainment percentage of the plan for such preceding plan year.

(i) Treatment of plan as of close of prohibited or cessation period

For purposes of applying this title—

(1) Operation of plan after period

Unless the plan provides otherwise, payments and accruals will resume effective as of the day following the close of the period for which any limitation of payment or accrual of benefits under subsection (d) or (e) applies.

(2) Treatment of affected benefits

Nothing in this subsection shall be construed as affecting the plan's treatment of benefits which would have been paid or accrued but for this section.

(j) Terms relating to funding target attainment percentage

For purposes of this section—

(1) In general

The term “funding target attainment percentage” has the same meaning given such term by section 430(d)(2).

(2) Adjusted funding target attainment percentage

The term “adjusted funding target attainment percentage” means the funding target attainment percentage which is determined under paragraph (1) by increasing each of the amounts under subparagraphs (A) and (B) of section 430(d)(2) by the aggregate amount of purchases of annuities for employees other than highly compensated employees (as defined in section 414(q)) which were made by the plan during the preceding 2 plan years.

(3) Application to plans which are fully funded without regard to reductions for funding balances

In the case of a plan for any plan year, if the funding target attainment percentage is 100 percent or more (determined without regard to the reduction in the value of assets under section 430(f)(4)), the funding target attainment percentage for purposes of paragraphs (1) and (2) shall be determined without regard to such reduction.

(k) Secretarial authority for plans with alternate valuation date

In the case of a plan which has designated a valuation date other than the first day of the

plan year, the Secretary may prescribe rules for the application of this section which are necessary to reflect the alternate valuation date.

(I) Single-employer plan

For purposes of this section, the term “single-employer plan” means a plan which is not a multiemployer plan.

(Added Pub. L. 109–280, title I, § 113(a)(1)(B), Aug. 17, 2006, 120 Stat. 847; amended Pub. L. 110–458, title I, § 101(c)(2), Dec. 23, 2008, 122 Stat. 5097; Pub. L. 111–192, title II, § 203(a)(2), June 25, 2010, 124 Stat. 1300; Pub. L. 113–97, title II, § 202(c)(3)(B), Apr. 7, 2014, 128 Stat. 1136; Pub. L. 113–159, title II, § 2003(c)(1), Aug. 8, 2014, 128 Stat. 1850; Pub. L. 113–295, div. A, title II, § 221(a)(57)(E)(i), (F)(i), (G)(i), Dec. 19, 2014, 128 Stat. 4046.)

Editorial Notes

REFERENCES IN TEXT

Section 4022 of the Employee Retirement Income Security Act of 1974, referred to in subsec. (d)(3)(A)(ii), is classified to section 1322 of Title 29, Labor.

Section 412 of the Employee Retirement Income Security Act of 1974, referred to in subsec (f)(1)(B)(i), is classified to section 1112 of Title 29, Labor.

AMENDMENTS

2014—Subsec. (a). Pub. L. 113–97 substituted “single-employer plan (other than a CSEC plan)” for “single-employer plan”.

Subsec. (d)(2). Pub. L. 113–159, § 2003(c)(1), substituted “of such plan (determined by not taking into account any adjustment of segment rates under section 430(h)(2)(C)(iv))” for “of such plan”.

Subsec. (j)(3). Pub. L. 113–295, § 221(a)(57)(F)(i), struck out par. (3) which related to a special rule for plan years beginning on or after Oct. 1, 2008, and before Oct. 1, 2010.

Pub. L. 113–295, § 221(a)(57)(E)(i), in par. (3) relating to application to plans which are fully funded without regard to reductions for funding balances, struck out subpar. (A) designation and heading and struck out subpars. (B) and (C) which related to a transition rule for plan years beginning after 2007 and before 2011 and a limitation for plan years beginning after 2008, respectively.

Subsec. (m). Pub. L. 113–295, § 221(a)(57)(G)(i), struck out subsec. (m). Text read as follows: “For purposes of this section, in the case of plan years beginning in 2008, the funding target attainment percentage for the preceding plan year may be determined using such methods of estimation as the Secretary may provide.”

2010—Subsec. (j)(3). Pub. L. 111–192 added par. (3) relating to a special rule for plan years beginning on or after Oct. 1, 2008, and before Oct. 1, 2010.

2008—Subsec. (b)(2). Pub. L. 110–458, § 101(c)(2)(A), substituted “section 430” for “section 303” in introductory provisions and “an adjusted funding” for “a funding” in subpar. (B).

Subsec. (b)(3). Pub. L. 110–458, § 101(c)(2)(B), inserted “benefit” after “event” in heading and substituted “an event” for “any event” in subpar. (B).

Subsec. (d)(5). Pub. L. 110–458, § 101(c)(2)(C), inserted concluding provisions.

Subsec. (f)(1)(D). Pub. L. 110–458, § 101(c)(2)(D)(i), inserted “adjusted” before “funding”.

Subsec. (f)(2). Pub. L. 110–458, § 101(c)(2)(D)(ii), substituted “prefunding balance or funding standard carryover balance under section 430(f)” for “prefunding balance under section 430(f) or funding standard carryover balance”.

Subsec. (j)(3)(A). Pub. L. 110–458, § 101(c)(2)(E)(i), struck out “without regard to this paragraph and” before “without regard to the reduction” and substituted

“section 430(f)(4)” for “section 430(f)(4)(A)” and “paragraphs (1) and (2)” for “paragraph (1)”.

Subsec. (j)(3)(C). Pub. L. 110–458, § 101(c)(2)(E)(ii), substituted “without regard to the reduction in the value of assets under section 430(f)(4)” for “without regard to this paragraph” and inserted “beginning” before “after” in two places.

Subsecs. (k) to (m). Pub. L. 110–458, § 101(c)(2)(F), added subsecs. (k) and (l) and redesignated former subsec. (k) as (m).

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2014 AMENDMENT

Amendment by Pub. L. 113–295 effective Dec. 19, 2014, subject to a savings provision, see section 221(b) of Pub. L. 113–295, set out as a note under section 1 of this title.

Pub. L. 113–159, title II, § 2003(c)(3), Aug. 8, 2014, 128 Stat. 1850, provided that:

“(A) IN GENERAL.—Except as provided in subparagraph (B), the amendments made by this subsection [amending this section and section 1056 of Title 29, Labor] shall apply to plan years beginning after December 31, 2014.

“(B) COLLECTIVELY BARGAINED PLANS.—In the case of a plan maintained pursuant to 1 or more collective bargaining agreements, the amendments made by this subsection shall apply to plan years beginning after December 31, 2015.”

Amendment by Pub. L. 113–97 applicable to years beginning after Dec. 31, 2013, see section 3 of Pub. L. 113–97, set out as a note under section 401 of this title.

EFFECTIVE DATE OF 2010 AMENDMENT

Pub. L. 111–192, title II, § 203(c), June 25, 2010, 124 Stat. 1300, provided that:

“(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section [amending this section and section 1056 of Title 29, Labor] shall apply to plan years beginning on or after October 1, 2008.

“(2) SPECIAL RULE.—In the case of a plan for which the valuation date is not the first day of the plan year, the amendments made by this section shall apply to plan years beginning after December 31, 2007.”

EFFECTIVE DATE OF 2008 AMENDMENT

Amendment by Pub. L. 110–458 effective as if included in the provisions of Pub. L. 109–280 to which the amendment relates, except as otherwise provided, see section 112 of Pub. L. 110–458, set out as a note under section 72 of this title.

EFFECTIVE DATE

Pub. L. 109–280, title I, § 113(b), Aug. 17, 2006, 120 Stat. 852, as amended by Pub. L. 110–458, title I, § 101(c)(3), Dec. 23, 2008, 122 Stat. 5098, provided that:

“(1) IN GENERAL.—The amendments made by this section [enacting this subpart] shall apply to plan years beginning after December 31, 2007.

“(2) COLLECTIVE BARGAINING EXCEPTION.—In the case of a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified before January 1, 2008, the amendments made by this section shall not apply to plan years beginning before the earlier of—

“(A) the later of—

“(i) the date on which the last collective bargaining agreement relating to the plan terminates (determined without regard to any extension thereof agreed to after the date of the enactment of this Act [Aug. 17, 2006]), or

“(ii) the first day of the first plan year to which the amendments made by this section [enacting this subpart] would (but for this paragraph) apply, or

“(B) January 1, 2010.

For purposes of subparagraph (A)(i), any plan amendment made pursuant to a collective bargaining agreement relating to the plan which amends the plan solely

to conform to any requirement added by this section shall not be treated as a termination of such collective bargaining agreement.”

PROVISIONS RELATING TO PLAN AMENDMENTS

Pub. L. 113-159, title II, §2003(c)(4), Aug. 8, 2014, 128 Stat. 1850, provided that:

“(A) IN GENERAL.—If this paragraph applies to any amendment to any plan or annuity contract, such plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subparagraph (B)(ii).

“(B) AMENDMENTS TO WHICH PARAGRAPH APPLIES.—

“(i) IN GENERAL.—This paragraph shall apply to any amendment to any plan or annuity contract which is made—

“(I) pursuant to the amendments made by this subsection [amending this section and section 1056 of Title 29, Labor], or pursuant to any regulation issued by the Secretary of the Treasury or the Secretary of Labor under any provision as so amended, and

“(II) on or before the last day of the first plan year beginning on or after January 1, 2016, or such later date as the Secretary of the Treasury may prescribe.

“(ii) CONDITIONS.—This subsection [amending this section and section 1056 of Title 29, Labor, and enacting provisions set out as a note under this section] shall not apply to any amendment unless, during the period—

“(I) beginning on the date that the amendments made by this subsection or the regulation described in clause (i)(I) takes effect (or in the case of a plan or contract amendment not required by such amendments or such regulation, the effective date specified by the plan), and

“(II) ending on the date described in clause (i)(II) (or, if earlier, the date the plan or contract amendment is adopted), the plan or contract is operated as if such plan or contract amendment were in effect, and such plan or contract amendment applies retroactively for such period.

“(C) ANTI-CUTBACK RELIEF.—A plan shall not be treated as failing to meet the requirements of section 204(g) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(g)) and section 411(d)(6) of the Internal Revenue Code of 1986 [26 U.S.C. 411(d)(6)] solely by reason of a plan amendment to which this paragraph applies.”

TEMPORARY MODIFICATION OF APPLICATION OF LIMITATION ON BENEFIT ACCRUALS

Pub. L. 111-192, title II, §203(b), June 25, 2010, 124 Stat. 1300, provided that: “Section 203 of the Worker, Retiree, and Employer Recovery Act of 2008 [Pub. L. 110-458, set out below] shall apply to a plan for any plan year in lieu of the amendments made by this section applying to sections 206(g)(4) of the Employee Retirement Income Security Act of 1974 [29 U.S.C. 1056(g)(4)] and 436(e) of the Internal Revenue Code of 1986 only to the extent that such section produces a higher adjusted funding target attainment percentage for such plan for such year.”

Pub. L. 110-458, title II, §203, Dec. 23, 2008, 122 Stat. 5118, provided that: “In the case of the first plan year beginning during the period beginning on October 1, 2008, and ending on September 30, 2009, sections 206(g)(4)(A) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1056(g)(4)(A)) and 436(e)(1) of the Internal Revenue Code of 1986 shall be applied by substituting the plan’s adjusted funding target attainment percentage for the preceding plan year for such percentage for such plan year but only if the adjusted funding target attainment percentage for the preceding plan year is greater.”

APPLICABILITY OF AMENDMENTS BY SUBTITLES A AND B OF TITLE I OF PUB. L. 109-280

For special rules on applicability of amendments by subtitles A (§§101-108) and B (§§111-116) of title I of Pub.

L. 109-280 to certain eligible cooperative plans, PBGC settlement plans, and eligible government contractor plans, see sections 104, 105, and 106 of Pub. L. 109-280, set out as notes under section 401 of this title.

Subchapter E—Accounting Periods and Methods of Accounting

Part	
I.	Accounting periods.
II.	Methods of accounting.
III.	Adjustments.

PART I—ACCOUNTING PERIODS

Sec.	
441.	Period for computation of taxable income.
442.	Change of annual accounting period.
443.	Returns for a period of less than 12 months.
444.	Election of taxable year other than required taxable year.

Editorial Notes

AMENDMENTS

1987—Pub. L. 100-203, title X, §10206(a)(2), Dec. 22, 1987, 101 Stat. 1330-398, added item 444.

§ 441. Period for computation of taxable income

(a) Computation of taxable income

Taxable income shall be computed on the basis of the taxpayer’s taxable year.

(b) Taxable year

For purposes of this subtitle, the term “taxable year” means—

(1) the taxpayer’s annual accounting period, if it is a calendar year or a fiscal year;

(2) the calendar year, if subsection (g) applies;

(3) the period for which the return is made, if a return is made for a period of less than 12 months; or

(4) in the case of a DISC filing a return for a period of at least 12 months, the period determined under subsection (h).

(c) Annual accounting period

For purposes of this subtitle, the term “annual accounting period” means the annual period on the basis of which the taxpayer regularly computes his income in keeping his books.

(d) Calendar year

For purposes of this subtitle, the term “calendar year” means a period of 12 months ending on December 31.

(e) Fiscal year

For purposes of this subtitle, the term “fiscal year” means a period of 12 months ending on the last day of any month other than December. In the case of any taxpayer who has made the election provided by subsection (f) the term means the annual period (varying from 52 to 53 weeks) so elected.

(f) Election of year consisting of 52-53 weeks

(1) General rule

A taxpayer who, in keeping his books, regularly computes his income on the basis of an annual period which varies from 52 to 53 weeks and ends always on the same day of the week and ends always—

(A) on whatever date such same day of the week last occurs in a calendar month, or