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## Request for Guidance on the Valuing of Life Insurance Contracts within a Qualified Plan

August 9, 2005

Rev. Proc 2005-25

26 CFR 601.201

Rulings and Determination Letters

The American Society of Pension Actuaries (ASPPA) hereby requests that the Internal Revenue Service provide additional guidance concerning Revenue Procedure 2005-25. Revenue Procedure 2005-25 sets forth guidance on the valuation of life insurance contracts, and other contracts providing for life protection, for purposes of Internal Revenue Code §§78, 83 and 402.

ASPPA is a national society of retirement plan professionals. ASPPA's mission is to educate pension professionals and to preserve and enhance the private pension system. Its membership consists of approximately 5,500 actuaries, plan administrators, attorneys, CPAs and other retirement plan experts who design, implement and maintain qualified retirement plans, especially for small to mid-size employers.

Revenue Procedure 2005-25 sets forth the methodology to be used to value non-variable contracts (Section 3.02) and variable contracts (Section 3.03). However, there is concern that the information needed to apply the valuation methodology may not be consistently available.

In particular, the administrator of a qualified retirement plan will be dependent on the issuer of the contracts to obtain either the value of the contracts or the data necessary to perform the valuation. The Revenue Procedure does not address the situation where the value or data is not provided by the issuer of the product.

**ASPPA recommends** that Revenue Procedure 2005-25 be modified to provide sample calculations to be used in the event that the values of contracts (or the data needed to determine the values) held by a qualified retirement plan are not provided directly or in a timely manner by the issuer of such contracts. Ideally, the sample calculations should include methodology to be used both with and without the availability of historical data.

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These comments were prepared by ASPPA's Defined Benefit Subcommittee, David Lipkin, MSPA, Chair, and were primarily authored by Mark A. Draa, CPC. Please contact us if you have any comments or questions regarding the matters discussed above. Thank you for your consideration of these comments.

Sincerely,

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Ilene H. Ferenczy, Esq., CPC, Co-chair Gov't Affairs Committee	George J. Taylor, MSPA, Co-chair Gov't Affairs Committee
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