DB Plan Funding Strategies and the use of Credit Balances
Workshop 11

2015 ASPPA Annual Conference

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Acknowledgment

• Adapted, with permission, from a presentation by Virginia Wentz, EA, FSPA, CPC, MAAA of United Retirement Plan Consultants, Haddonfield, NJ

Key

• Carryover Balance = COB
• Prefunding Balance = PFB
• Funding Target = FT
• Target Normal Cost = TNC
• Beginning of Year = BOY
• End of Year = EOY
• Presumed Adjusted Funding Target = PFT
• Employer/sponsor = you or me (if I say “you” or “me” I probably mean the plan sponsor)
• Minimum Required Contribution = MRC
Assumptions

• During the following presentation and for all of the examples, assume the following:
  – There have been no annuities purchased
  – There have been no amendments or UCEBs
  – The prior year AFTAP has been timely certified (before the first day of the 10th month)
  – The plan is not subject to collective bargaining agreement
  – PYB after 12/31/07 is first effective year

What are they?

• Carryover Balance (COB)
  – The carryover balance is the leftover credit balance from pre-PPA years.
  – Contributions/credits in excess of absolute minimum required amount.
  – Final regulations clarified that a COB is automatically created if the credit balance was greater than $0 at the end of the pre-effective plan year. 1.430(f)-1(b)(2)(i)
What are they?

• Prefunding Balance (PFB)
  – Present value of contributions in excess of required minimum contribution.
  – Employer/sponsor must make specific election with regard to the amount of the excess that will be used to create or added to a prefunding balance. 1.430(f)-1(f)(1)(i)

What are they?

• Prefunding balance (cont.)
  – The maximum amount that may be elected to be added is the excess contributions on the valuation date plus interest at the effective rate to the first day of the next plan year.
  1.430(f)-1(b)(1)(ii)(A), (B), and (iv)(A)
What are they?

- Prefunding Balance (cont.)
  - The final regulations clarified that an election to add to a prefunding balance is an election to maintain a prefunding balance. 1.430(f)-1(b)(1)(i)
  - Alternatively, the sponsor may make a standing election to add the maximum amount possible to the prefunding balance. 1.430(f)-1(f)(1)(ii)

What can they be used for?

- Toward satisfying the minimum required contribution (including quarterlies)
- Burn to allow use of balance(s) in following year
- Burn to eliminate funding shortfall (to avoid quarterly contributions in next year)
- Burn to increase the AFTAP (presumed)
  - May be deemed or elective
- Burn to increase the AFTAP (the real one)
  - May be deemed or elective
  
  Note: Carryover balance must be used before prefunding balance.
Using Balances toward Minimum

• Employer/sponsor must elect to use the balance before the due date of the applicable minimum funding date. This is a change from proposed regulations.
  1.430(f)-1(f)(2)(i)

• The balance may only be used if the prior year “funding ratio” was at least 80%. In this case funding ratio means \((\text{AVA} - \text{PFB}) / \text{Funding Target}\).
  1.430(f)-1(d)(3)

Using Balances toward Minimum

• The amount available is “as of” the valuation date.
• Beginning of Year Valuation
  – Use the balance as of the beginning of the year.
• End of Year Valuation
  – Use the balance at the beginning of the year brought forward to the valuation date at the effective rate of interest.
  1.430(f)-1(b)(5)(i)
Using Balances toward Minimum

• What is the amount available at the valuation date?

• Beginning of Year Valuation
  – Amount at beginning of prior year less amount used and any elective reduction for the prior year. 1.430(f)-1(b)(3)(i)
  – Remaining amount is brought to the beginning of the next year at the actual rate of return for that year. 1.430(f)-1(b)(3)(i)

Using Balances toward Minimum (cont.)

• Beginning of Year Valuation (cont.)
  – New amount added to PFB
    • Present value of contributions as of valuation date in excess of minimum required contribution plus interest at the effective rate to the first day of the next plan year. 1.430(f)-1(b)(1)(ii)
  – The amount of excess contributions attributable to the use of a credit balance to offset the minimum is updated at the actual rate of return. 1.430(f)-1(b)(3)(iii)
Using Balances toward Minimum

• End of Year Valuation
  – Amount available was brought forward from the first day of the plan year to the EOY at effective rate. 1.430(f)-1(b)(4)(i)
  – Amount left would be amount determined above minus the amount used.
  – That leftover amount is then brought back to the beginning of the year at the effective rate.

• End of Year Valuation (cont.)
  – The beginning of year amount is then brought to the beginning of the next year at the actual rate of return for the year. 1.430(f)-1(b)(4)(ii)
  – New amount added
    • Present value of contributions as of valuation date in excess of minimum required contribution plus interest to the first day of the next plan year at the effective rate. 1.430(f)-1(b)(1)(iv)(A)
Using the Balances toward minimum

• End of Year Valuation (cont.)
  – New amount added
    • The amount of excess contributions attributable to the use of a credit balance to offset the minimum is discounted to the beginning of the year at the effective rate and then updated at the actual rate of return to first day of the next plan year.
      1.430(f)-1(b)(4)(ii) and (iii)

Using Balances toward the Minimum

• Caution 1: If an election was made in the current year to use a portion of the balance toward the MRC toward the prior year, and current year elective or deemed reductions occur, special adjustments are needed to re-determine the amount available for the prior year MRC. (example later) 1.430(f)-1(d)(1)(ii)(D)
Using Balances toward Minimum

• Caution 2: If an election was made in the current year to use a portion of the balance toward the MRC for the current year and a later elective or deemed reduction occurs, the amount available to use toward the MRC is retroactively reduced. (example later) 1.430(f)-1(d)(1)(ii)(B)

Example 1-BOY

• Beginning of year Val 1-1-14
• Facts:
  – COB=15,000
  – PFB=0
  – 2014 Eff Rate=6%
  – 2014 Actual ROR=5%
  – MRC on Val Date= 10,000
• Amount available to use: 15,000
• Election made to use 10,000 of COB
Example 1-BOY

- Amount remaining for 1-1-2015 Val
  - COB is 5,000 plus actual ROR interest
  - 5,000 * (1.05)
  - 5,250 is 1-1-2015 COB

Example 1A-BOY

- Now assume after electing to use the COB, the sponsor makes a contribution with a 1-1-14 present value of $15,000.
- PV of excess contributions is $15,000 but $10,000 is attributable to the election to use the COB to offset the minimum. The remaining $5,000 is a result of cash contributions in excess of the MRC.
Example 1A-BOY

• Amount COB remaining for 1-1-15 Val
  – COB = (15,000 – 10,000) plus interest at the actual ROR = 5,000*1.05 = 5,250

• Amount available to add to PFB at 1-1-15
  – 10,000 plus interest at the actual ROR plus
  – 5,000 plus interest at the effective rate
  – 10,000*1.05 + 5,000*1.06 =
  – 10,500 + 5,300 = 15,800
  (total balances 21,050)

Example 1A-BOY

• If no election to use COB and contributed $15,000, COB = 15,750
  and PFB would be $5,300.
  (total balances 21,050)
Example 2-EOY

- End of Year Val 12-31-14
- Facts:
  - 1-1-14 COB=5,000
  - 1-1-14 PFB=10,000
  - 2014 Effective Rate 6%
  - 2014 Actual ROR 5%
  - 2014 MRC at 12-31-14 $10,000
- Amount Available as of the Val Date
  - 5,000 * 1.06 + 10,000*1.06 = 5,300 + 10,600
  =15,900

Example 2-EOY

- Election made to use 5,300 of COB and 4,700 of PFB
- Amount remaining as of beginning of 2015 year
  - COB is gone
  - PFB at Val Date= 10,600 – 4,700 = 5,900
  - PFB left at beginning of 2014= 5,900/1.06 = 5,566
  - PFB as of 1-1-2015 = 5,566 * 1.05 = 5,844
Example 2A-EOY

• Now assume a contribution with an EOY value of $15,000 is made.
• PV of excess contributions at val date is $15,000.

Example 2A-EOY

• Amount of COB remaining
  – COB is gone
• Amount available for PFB at 1-1-15
  – Of the 15,000 excess, 10,000 is due to the use of the balances.
  – $10,000/1.06*1.05 = 9,906 plus
  – 5,000
  – Amount available to add to PFB = 14,906
  – Total PFB could be (14,906+5,844)=20,750
Example 2A-EOY

• If they had not elected to use the balances, the COB would be 5,250 and the PFB would be 
(10,500+5,000)=15,500. (total balances 20,750)

Reduce to allow use in next year

• Funding ratio must be at least 80% in the prior year to allow use of balance. 1.430(f)-1(d)(3)

• Determination of the funded status only subtracts prefunding balance, not carryover balance.

• So, if PFB has been created and funding ratio falls below 80%, employer/sponsor may want to consider reducing/or not creating as large of a PFB to allow the use of the balances in the following year. Remember, COB must be reduced first.

• Election to create a PFB has to be made by the minimum funding deadline for the year in which the excess contributions were made. 1.430(f)-1(f)(2)(i)
Burn to avoid quarterly contributions

• If FTAP (AVA-COB/PFB) ÷ FT is less than 100%, but AVA ÷ FT is greater than 100%, then may want to reduce the balances to get the FTAP to at least 100%.
• Said differently, if FT – (AVA – COB/PFB) is greater than 0, but FT – AVA is less than 0, then may want to reduce the balances to get the FTAP to at least 100%.
• This would eliminate the quarterly contributions requirement in the following year.
• This election would have to be made by the end of the applicable plan year. 1.430(f)-1(f)(2)(iii)

Example 3-avoid Quarterlies

• 1-1-14 AVA=100,000
• 1-1-14 FT=95,000
• 1-1-14 COB=15,000
• Funding shortfall exists, so will be subject to quarterlies in 2015.
  – Funding Shortfall= 95,000–(100,000–15,000)=10,000
Example 3-avoid Quarterlies

• Election made to reduce 1-1-14 COB by 10,000
• Funding Shortfall no longer exists
  – Funding Shortfall=
  – 95,000–(100,000–5,000)=0
  – No quarterlies in 2015

Burn to increase Presumed AFTAP

• During the Presumption Period
  – Determine of the presumed AFTAP
  – Have to know the interim value of assets and the COB/PFB at the valuation date.
Burn to increase Presumed AFTAP

• Determine the presumed AFTAP
  – First three months it is prior year’s AFTAP
  – First day of the fourth month it is the presumed AFTAP minus 10%, but only if prior year AFTAP was at least 60% but less than 70% or at least 80% but less than 90%.

Burn to increase Presumed AFTAP - (first three months)

• Determine the interim value of assets
  – Value of assets at valuation date – ignore:
    • Contributions made after the Val Date
    • Elections made after the Vale Date to add to PFB
    • Elections made after the Val Date to use the COB/PFB 1.436-1(g)(2)(ii)(B)(1)
Burn to increase Presumed AFTAP - (first three months)

- Determine the Presumed Adjusted Funding Target
  - Divide interim value of assets minus COB/PFB by the presumed AFTAP.
  1.436-1(g)(2)(ii)(B)(1)

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Burn to increase Presumed AFTAP - (first three months)

- Required or deemed burn
  - If AVA < 60% PFT, no burn
  - If AVA > Transitional % of PFT (96% for 2010), no burn—Transitional % does not apply anymore
  - If presumed AFTAP > 80%, no burn
  - If 60% < Presumed AFTAP < 80% but AVA > 80% PFT, calculate burn. This is only applicable if the plan provides for accelerated payments.
  - If Presumed AFTAP < 60% and AVA > 60% PFT, calculate burn. If accruals are frozen and plan does not pay accelerated payments, this is N/A.
  - Burn is COB/PFB – (AVA – 80% / 60% PFT)
Burn to increase Presumed AFTAP -
(first day of fourth month)

- Do it all over again at as of the first day of the 4\textsuperscript{th} month unless actual AFTAP is done.
- Reflect prior deemed burn
- Reflect any contributions for the prior year and elections made to use the COB/PFB for the prior year as of first day of 4\textsuperscript{th} month. 1.436-1(g)(2)(ii)(C)

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Burn to increase Presumed AFTAP -
(first day of fourth month)

- If presumed AFTAP is eligible for the transition rule (prior years funding levels met transition rules) and presumed AFTAP is equal to or greater than the threshold, for the current year, don’t subtract COB/PFB.
- This is important when calculating the inclusive presumed AFTAP to determine if a burn is required to allow an amendment to go into effect.
Example 4 - Presumed AFTAP

1-1-09 FT
600,000
1-1-09 AVA
450,000
1-1-09 COB
20,000
AVA / FT
75.00%
AFTAP (truncated per SB instructions)
71.66%

Actual 2009 ROR
25%
1-1-10 AVA
750,000
1-1-10 COB + PFB
125,000
AVA – Balances
625,000
1-1-10 Presumed AFTAP
71.66%

Example 4 - Presumed AFTAP

1-1-10 Presumed FT
872,174
80% Presumed FT
697,740
Required Burn
72,740
Remaining Balance
52,260
AFTAP
80.00%

4-1-10 Presumed AFTAP
70.00%
1-1-10 AVA
750,000
1-1-10 COB
52,260
AVA – Balances
697,740
Presumed FT
996,771
Example 4 - Presumed AFTAP

80% Presumed FT  797,417
60% Presumed FT  598,063
Required Burn     0
Remaining Balance 52,260
1-1-14 AFTAP (as of 4-1-14)  70.00%

Example 5 - Presumed AFTAP

1-1-13 AVA    910,000
1-1-13 COB    100,000
AVA / FT      91.00%
AFTAP         81.00%

Actual 2013 ROR  25%
1-1-14 AVA     1,350,000
1-1-14 COB + PFB 225,000

No presumed AFTAP necessary since no restrictions
Example 5 - Presumed AFTAP

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-1-14</td>
<td>Presumed AFTAP</td>
<td>71.00%</td>
</tr>
<tr>
<td>1-1-14</td>
<td>AVA</td>
<td>1,350,000</td>
</tr>
<tr>
<td>1-1-14</td>
<td>COB+PFB</td>
<td>225,000</td>
</tr>
<tr>
<td></td>
<td>AVA – Balances</td>
<td>1,125,000</td>
</tr>
<tr>
<td></td>
<td>Presumed FT</td>
<td>1,584,507</td>
</tr>
<tr>
<td></td>
<td>80% Presumed FT</td>
<td>1,267,606</td>
</tr>
<tr>
<td></td>
<td>60% Presumed FT</td>
<td>950,704</td>
</tr>
<tr>
<td></td>
<td>Required Burn</td>
<td>142,606</td>
</tr>
<tr>
<td></td>
<td>Remaining Balance</td>
<td>82,394</td>
</tr>
<tr>
<td>1-1-14</td>
<td>AFTAP (at 4-1-14)</td>
<td>80.00%</td>
</tr>
</tbody>
</table>

Timing of Elections

- Per final regulations, if during the presumption period, a portion of the balance was deemed to be burned, the amount available to use toward the prior year’s minimum required contribution is based on the adjusted balance at the beginning of the prior year. 1.430(f)-1(d)(1)(ii)(A)
Example 6-Recalc Available Balance

BOY (deemed reduction before election to use toward prior year MRC)

<table>
<thead>
<tr>
<th>Date</th>
<th>Balance</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-1-14 COB</td>
<td>10,200</td>
<td></td>
</tr>
<tr>
<td>1-1-14 PFB</td>
<td>58,573</td>
<td></td>
</tr>
<tr>
<td>2014 effective rate</td>
<td>6.5%</td>
<td></td>
</tr>
<tr>
<td>2014 Actual ROR</td>
<td>7.0%</td>
<td></td>
</tr>
<tr>
<td>Deemed reduction in COB/PFB as of 4/1/15</td>
<td>68,500</td>
<td></td>
</tr>
<tr>
<td>Sponsor elects to use entire COB/PFB toward 2014 MRC on 5/1/15</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Example 6-Recalc Available Balance BOY

Amount of balances available to use toward minimum

<table>
<thead>
<tr>
<th>Date</th>
<th>Balance</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-1-15 COB</td>
<td>10,200</td>
<td>10,200 * 1.07 = 10,914</td>
</tr>
<tr>
<td>1-1-15 PFB</td>
<td>58,573</td>
<td>58,573 * 1.07 = 62,673</td>
</tr>
<tr>
<td>Deemed reduction in COB</td>
<td>10,914</td>
<td></td>
</tr>
<tr>
<td>Deemed reduction in PFB</td>
<td>57,586</td>
<td></td>
</tr>
<tr>
<td>1-1-15 Remaining PFB</td>
<td>5,087</td>
<td></td>
</tr>
<tr>
<td>Adjusted back to 1-1-14</td>
<td>5,087/1.07=4,754</td>
<td></td>
</tr>
<tr>
<td>PFB available for MRC in 2014</td>
<td>4,754</td>
<td></td>
</tr>
</tbody>
</table>
Example 6 - Recalc Available Balance - BOY

Sponsor elects to use entire 4,754 balance for 2014 minimum

1-1-15 COB (10,200-4,754) (prior to deemed reduction)
=5,827

1-1-15 PFB 58,573*1.07=62,673
Deemed reduction in COB 5,827
Deemed reduction in PFB 62,673
1-1-15 Remaining PFB 0

Example 7 - Recalc Available Balance EOY
(deemed reduction before election to use toward prior year MRC)

1-1-13 COB 10,000
1-1-13 PFB 55,000
2013 effective rate 6.0%
2013 Actual ROR 10.0%
12-31-13 Balances 65,000*1.06=68,900 (for MRC)
Deemed reduction in COB/PFB as of 4/1/14 68,500
Sponsor elects to use COB/PFB toward 2013 minimum on 5/1/14
Example 7-Recalc Available Balance EOY

Amount of balances available to use toward minimum

1-1-14 COB (for AFTAP) $10,000 \times 1.1 = 11,000$
1-1-14 PFB (for AFTAP) $55,000 \times 1.1 = 60,500$

Deemed reduction in COB $11,000$
Deemed reduction in PFB $57,500$
1-1-14 Remaining PFB $3,000$

Adjusted back to 1-1-13 $3,000 / 1.1 = 2,727$

PFB available for MRC in 2013 $2,727 \times 1.06 = 2,891$

Example 8-Recalc Available Balance BOY (election to use for current year before election to use for prior year)

1-1-14 COB $40,000$
1-1-14 PFB $0$
2014 Actual ROR $25.0$
1-1-15 COB $50,000$

Election on 3/1/15 to use $40,000$
toward 2015 MRC
Election on 4/1/15 to use some COB toward 2014 MRC
### Example 8 - Recalc Available Balance - BOY

<table>
<thead>
<tr>
<th>Description</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-1-14 Value of 3/1/15 election</td>
<td>40,000/1.25 = 32,000</td>
</tr>
<tr>
<td>1-1-14 COB after 3/1/15 election</td>
<td>40,000 - 32,000 = 8,000</td>
</tr>
</tbody>
</table>

COB available for 2014 MRC is 8,000

### Example 9 - Recalc Available Balance - EOY

(election to use for current year before election to use for prior year)

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-1-13 COB</td>
<td>40,000</td>
</tr>
<tr>
<td>1-1-13 PFB</td>
<td>0</td>
</tr>
<tr>
<td>2013 Actual ROR</td>
<td>25.0%</td>
</tr>
<tr>
<td>2013 Effective Rate</td>
<td>6%</td>
</tr>
<tr>
<td>12-31-13 COB for MRC</td>
<td>42,400</td>
</tr>
</tbody>
</table>

Election on 3/1/14 to use 40,000 toward 2014 MRC

Election on 4/1/14 to use entire balance toward 2013 MRC
Example 9 - Recalc Available Balance - EOY

1-1-13 Value of 3/1/14 election 40,000/1.25
=32,000
1-1-13 COB after 3/1/14 election 40,000-32,000
=8,000
12-31-13 COB available for 2013 MRC 8,000*1.06
=8,480

Example 10 - Recalc Available Balance BOY

(deemed reduction reduces amount available for MRC)

1-1-14 COB 10,200
1-1-14 PFB 58,573

Sponsor elects to use 68,000 of COB/PFB toward 2014 minimum on 3/1/14

Deemed reduction in COB/PFB on 4/1/14 68,500
Amount now Available for 2014 MRC 273
### Example 11-Recalc Available Balance - EOY

(deemed reduction reduces amount available to use for current year)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1-1-13 COB</td>
<td>10,000</td>
</tr>
<tr>
<td>1-1-13 PFB</td>
<td>55,000</td>
</tr>
<tr>
<td>2013 Actual ROR</td>
<td>10%</td>
</tr>
<tr>
<td>2013 Effective Rate</td>
<td>6%</td>
</tr>
<tr>
<td>12-31-13 Amount Available for MRC</td>
<td>68,900</td>
</tr>
</tbody>
</table>

Sponsor elects to use 50,000 toward 2013 MRC on 3/1/13

Deemed reduction on 4/1/13 30,000

### Example 11-Recalc Available Balance - EOY

Amount now available for 2013 MRC

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deemed reduction in COB</td>
<td>10,000</td>
</tr>
<tr>
<td>Deemed reduction in PFB</td>
<td>20,000</td>
</tr>
<tr>
<td>Remaining 1-1-13 PFB</td>
<td>35,000</td>
</tr>
<tr>
<td>Amount now Available for 2013 MRC</td>
<td>35,000*1.06=37,100</td>
</tr>
</tbody>
</table>
Burned to increase AFTAP (the real one)

• Required Burn
  – At the time of certification
    • If there is enough COB and/or PFB to burn that would cause the AFTAP to increase to one of the thresholds, 60% or 80%, then it must be burned. No election is necessary.
    • However, if the plan does not offer accelerated payments, then no burn is required between 60% and 80%. If no accelerated payments and plan is already frozen, no burn if less than 60%.

Burn to increase AFTAP (the real one)

• Optional Burn
  – To make sure presumed AFTAP will be over the threshold in the following year.
  – If AFTAP is less than 90% but would be at least 90% if some or all of COB/PFB was burned, then may want to consider this.
The Final Question...

• Are these credits worth it?
  – If funding ratio is below 80%, can’t use them anyway
  – If no balances, no burn, no election to reduce, no presumed AFTAP worries, no re-do of MRC if the sponsor does decide to elect to use the balance toward the minimum, more sleep?

Example 12
With and Without Balances

<table>
<thead>
<tr>
<th></th>
<th>No Balances</th>
<th>Balances</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-1-09 FT</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>1-1-09 TNC</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>1-1-09 AVA</td>
<td>800,000</td>
<td>800,000</td>
</tr>
<tr>
<td>1-1-09 PFB</td>
<td>0</td>
<td>250,000</td>
</tr>
<tr>
<td>Funding Shortfall (94% test)</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Funding Shortfall Amount</td>
<td>140,000</td>
<td>390,000</td>
</tr>
<tr>
<td>Shortfall Amortization</td>
<td>23,333</td>
<td>65,000</td>
</tr>
<tr>
<td>Excess Assets</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>MRC as of 1-1-09</td>
<td>123,333</td>
<td>165,000</td>
</tr>
<tr>
<td>Minimum if elect to use PFB</td>
<td>123,333</td>
<td>0</td>
</tr>
<tr>
<td>Maximum</td>
<td>800,000</td>
<td>800,000</td>
</tr>
</tbody>
</table>
## Example 13
### With and Without Balances

<table>
<thead>
<tr>
<th></th>
<th>No Balances</th>
<th>Balances</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-1-09 FT</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>1-1-09 TNC</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>1-1-09 AVA</td>
<td>1,100,000</td>
<td>1,100,000</td>
</tr>
<tr>
<td>1-1-09 PFB</td>
<td>0</td>
<td>250,000</td>
</tr>
<tr>
<td>Funding Shortfall (94% test)</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>Funding Shortfall Amount</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Shortfall Amortization</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Excess Assets</td>
<td>100,000</td>
<td>0</td>
</tr>
<tr>
<td>MRC as of 1-1-09</td>
<td>0</td>
<td>100,000</td>
</tr>
<tr>
<td>Minimum if elect to use PFB</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Maximum</td>
<td>400,000</td>
<td>400,000</td>
</tr>
</tbody>
</table>