

trust will automatically pass through to the group trust retiree benefit plans. However, a group trust that has received a favorable determination letter under Rev. Proc. 2010-6, 2010-1 I.R.B. 193 (or its predecessors), that does not contain such a pass-through provision may not adopt Model Amendment 1 or Model Amendment 2 and automatically continue to rely on its determination letter.

#### **PLANS DESCRIBED IN SECTION 1022(i)(1) OF ERISA**

The Service anticipates issuing guidance as to whether a plan described in section 1022(i)(1) of ERISA may participate in an 81-100 group trust. Until such guidance is issued, the Service will not treat a group trust as failing to satisfy the requirements of this revenue ruling merely because the group trust includes the assets of a section 1022(i)(1) plan as long as the section 1022(i)(1) plan (1) was participating in the group trust as of January 10, 2011, or (2) holds assets that had been held by a qualified plan immediately prior to the transfer of those assets to the section 1022(i)(1) plan pursuant to the transition relief in Rev. Rul. 2008-40, as modified by this revenue ruling. In addition, Rev. Rul. 2008-40 is hereby modified to extend the transition relief for transfers from a qualified plan to a section 1022(i)(1) transferee plan for an additional year. Thus, "January 1, 2012" is substituted for "January 1, 2011" each place it appears in the Transition Relief section of Rev. Rul. 2008-40.

#### **EFFECT ON OTHER DOCUMENTS**

Rev. Ruls. 81-100, 2004-67, and 2008-40 are modified.

#### **REQUEST FOR COMMENTS**

The IRS requests comments on whether annuity contracts and/or other tax-favored accounts held by plans described in § 401(a) or § 403(b), such as pooled separate accounts supporting annuity contracts that are treated as trusts under § 401(f), should be permitted to invest in the group trusts described in this revenue ruling. Comments should be submitted by April 11,

2011, to CC:PA:LPD:PR (Rev. Rul. 2011-1), Room 5203, Internal Revenue Service, POB 7604 Ben Franklin Station, Washington, D.C. 20044. Comments may be hand delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to CC:PA:LPD:PR (Rev. Rul. 2011-1), Courier's Desk, Internal Revenue Service, 1111 Constitution Ave., N.W., Washington D.C. Alternatively, comments may be submitted via the Internet at [Notice.comments@irs.counsel.treas.gov](mailto:Notice.comments@irs.counsel.treas.gov). Please include "Rev. Rul. 2011-1" in the subject line of any electronic communication. All materials submitted will be available for public inspection and copying.

#### **DRAFTING INFORMATION**

The principal author of this revenue ruling is Robert Walsh of the Employee Plans, Tax Exempt and Government Entities Division. For further information regarding this revenue ruling, please contact the Employee Plans' taxpayer assistance telephone service at 1-877-829-5500 (a toll-free number) between the hours of 8:00 a.m. and 4:30 p.m. Eastern Time, Monday through Friday, or e-mail Mr. Walsh at [RetirementPlanQuestions@irs.gov](mailto:RetirementPlanQuestions@irs.gov).

### **Section 642.—Special Rules for Credits and Deductions**

Federal short-term, mid-term, and long-term rates are set forth for the month of January 2011. See Rev. Rul. 2011-2, page 256.

### **Section 807.—Rules for Certain Reserves**

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of January 2011. See Rev. Rul. 2011-2, page 256.

### **Section 846.—Discounted Unpaid Losses Defined**

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of January 2011. See Rev. Rul. 2011-2, page 256.

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

(Also sections 42, 280G, 382, 412, 467, 468, 482, 483, 642, 807, 846, 1288, 7520, 7872.)

**Federal rates; adjusted federal rates; adjusted federal long-term rate and the long-term exempt rate.** For purposes of sections 382, 642, 1274, 1288, and other sections of the Code, tables set forth the rates for January 2011.

### **Rev. Rul. 2011-2**

This revenue ruling provides various prescribed rates for federal income tax purposes for January 2011 (the current month). Table 1 contains the short-term, mid-term, and long-term applicable federal rates (AFR) for the current month for purposes of section 1274(d) of the Internal Revenue Code. Table 2 contains the short-term, mid-term, and long-term adjusted applicable federal rates (adjusted AFR) for the current month for purposes of section 1288(b). Table 3 sets forth the adjusted federal long-term rate and the long-term tax-exempt rate described in section 382(f). Table 4 contains the appropriate percentages for determining the low-income housing credit described in section 42(b)(1) for buildings placed in service during the current month. However, under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, and before December 31, 2013, shall not be less than 9%. Table 5 contains the federal rate for determining the present value of an annuity, an interest for life or for a term of years, or a remainder or a reversionary interest for purposes of section 7520. Finally, Table 6 contains the deemed rate of return for transfers made during calendar year 2011 to pooled income funds described in § 642(c)(5) that have been in existence for less than 3 taxable years immediately preceding the taxable year in which the transfer was made.

REV. RUL. 2011-2 TABLE 1  
Applicable Federal Rates (AFR) for January 2011

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-term</i>				
AFR	.43%	.43%	.43%	.43%
110% AFR	.47%	.47%	.47%	.47%
120% AFR	.52%	.52%	.52%	.52%
130% AFR	.56%	.56%	.56%	.56%
<i>Mid-term</i>				
AFR	1.95%	1.94%	1.94%	1.93%
110% AFR	2.14%	2.13%	2.12%	2.12%
120% AFR	2.34%	2.33%	2.32%	2.32%
130% AFR	2.54%	2.52%	2.51%	2.51%
150% AFR	2.93%	2.91%	2.90%	2.89%
175% AFR	3.43%	3.40%	3.39%	3.38%
<i>Long-term</i>				
AFR	3.88%	3.84%	3.82%	3.81%
110% AFR	4.26%	4.22%	4.20%	4.18%
120% AFR	4.66%	4.61%	4.58%	4.57%
130% AFR	5.05%	4.99%	4.96%	4.94%

REV. RUL. 2011-2 TABLE 2  
Adjusted AFR for January 2011

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	.69%	.69%	.69%	.69%
Mid-term adjusted AFR	1.79%	1.78%	1.78%	1.77%
Long-term adjusted AFR	4.10%	4.06%	4.04%	4.03%

REV. RUL. 2011-2 TABLE 3  
Rates Under Section 382 for January 2011

Adjusted federal long-term rate for the current month	4.10%
Long-term tax-exempt rate for ownership changes during the current month (the highest of the adjusted federal long-term rates for the current month and the prior two months.)	4.10%

REV. RUL. 2011-2 TABLE 4  
Appropriate Percentages Under Section 42(b)(1) for January 2011

Note: Under Section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, and before December 31, 2013, shall not be less than 9%.

Appropriate percentage for the 70% present value low-income housing credit	7.67%
Appropriate percentage for the 30% present value low-income housing credit	3.29%

REV. RUL. 2011-2 TABLE 5

Rate Under Section 7520 for January 2011

Applicable federal rate for determining the present value of an annuity, an interest for life or a term of years, or a remainder or reversionary interest

2.4%

REV. RUL. 2011-2 TABLE 6

Deemed Rate for Transfers to New Pooled Income Funds During 2011

Deemed rate of return for transfers during 2011 to pooled income funds that have been in existence for less than 3 taxable years

2.8%

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**Section 1288.—Treatment of Original Issue Discount on Tax-Exempt Obligations**

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of January 2011. See Rev. Rul. 2011-2, page 256.

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**Section 7520.—Valuation Tables**

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of January 2011. See Rev. Rul. 2011-2, page 256.

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**Section 7872.—Treatment of Loans With Below-Market Interest Rates**

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of January 2011. See Rev. Rul. 2011-2, page 256.