



This document is scheduled to be published in the Federal Register on 06/15/2015 and available online at <http://federalregister.gov/a/2015-14592>, and on FDsys.gov

[Billing Code 7709-02-P]

PENSION BENEFIT GUARANTY CORPORATION

29 CFR Parts 4022 and 4044

Allocation of Assets in Single-Employer Plans; Benefits Payable in Terminated Single-Employer Plans; Interest Assumptions for Valuing and Paying Benefits

AGENCY: Pension Benefit Guaranty Corporation.

ACTION: Final rule.

SUMMARY: This final rule amends the Pension Benefit Guaranty Corporation's regulations on Benefits Payable in Terminated Single-Employer Plans and Allocation of Assets in Single-Employer Plans to prescribe interest assumptions under the benefit payments regulation for valuation dates in July 2015 and interest assumptions under the asset allocation regulation for valuation dates in the third quarter of 2015. The interest assumptions are used for valuing and paying benefits under terminating single-employer plans covered by the pension insurance system administered by PBGC.

DATES: Effective July 1, 2015.

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SUPPLEMENTARY INFORMATION: PBGC's regulations on Allocation of Assets in Single-Employer Plans (29 CFR Part 4044) and Benefits Payable in Terminated Single-Employer Plans (29 CFR Part 4022) prescribe actuarial assumptions — including interest assumptions — for valuing and paying plan benefits under terminating single-employer plans covered by title IV of the Employee Retirement Income Security Act of 1974. The interest assumptions in the regulations are also published on PBGC's Web site (<http://www.pbgc.gov>).

The interest assumptions in Appendix B to Part 4044 are used to value benefits for allocation purposes under ERISA section 4044. PBGC uses the interest assumptions in Appendix B to Part 4022 to determine whether a benefit is payable as a lump sum and to determine the amount to pay. Appendix C to Part 4022 contains interest assumptions for private-sector pension practitioners to refer to if they wish to use lump-sum interest rates determined using PBGC's historical methodology. Currently, the rates in Appendices B and C of the benefit payment regulation are the same.

The interest assumptions are intended to reflect current conditions in the financial and annuity markets. Assumptions under the asset allocation regulation are updated quarterly; assumptions under the benefit payments regulation are updated monthly. This final rule updates the benefit payments interest assumptions for July 2015 and updates the asset allocation interest assumptions for the third quarter (July through September) of 2015.

The third quarter 2015 interest assumptions under the allocation regulation will be 2.32 percent for the first 20 years following the valuation date and 2.37 percent thereafter. In comparison with the interest assumptions in effect for the second quarter of 2015, these interest assumptions represent no change in the select period (the period during which the select rate (the

initial rate) applies), a decrease of 0.39 percent in the select rate, and a decrease of 0.41 percent in the ultimate rate (the final rate).

The July 2015 interest assumptions under the benefit payments regulation will be 1.25 percent for the period during which a benefit is in pay status and 4.00 percent during any years preceding the benefit's placement in pay status. In comparison with the interest assumptions in effect for June 2015, these interest assumptions represent an increase of 0.50 percent in the immediate annuity rate and are otherwise unchanged.

PBGC has determined that notice and public comment on this amendment are impracticable and contrary to the public interest. This finding is based on the need to determine and issue new interest assumptions promptly so that the assumptions can reflect current market conditions as accurately as possible.

Because of the need to provide immediate guidance for the valuation and payment of benefits under plans with valuation dates during July 2015, PBGC finds that good cause exists for making the assumptions set forth in this amendment effective less than 30 days after publication.

PBGC has determined that this action is not a "significant regulatory action" under the criteria set forth in Executive Order 12866.

Because no general notice of proposed rulemaking is required for this amendment, the Regulatory Flexibility Act of 1980 does not apply. See 5 U.S.C. 601(2).

List of Subjects

29 CFR Part 4022

Employee benefit plans, Pension insurance, Pensions, Reporting and recordkeeping requirements.

29 CFR Part 4044

Employee benefit plans, Pension insurance, Pensions.

In consideration of the foregoing, 29 CFR parts 4022 and 4044 are amended as follows:

PART 4022 -- BENEFITS PAYABLE IN TERMINATED SINGLE-EMPLOYER PLANS

1. The authority citation for part 4022 continues to read as follows:

Authority: 29 U.S.C. 1302, 1322, 1322b, 1341(c)(3)(D), and 1344.

2. In appendix B to part 4022, Rate Set 261 is added to the table to read as follows:

Appendix B to Part 4022 -- Lump Sum Interest Rates For PBGC Payments

* * * * *

Rate set	For plans with a valuation date		Immediate annuity rate (percent)	Deferred annuities (percent)				
	On or after	Before		i_1	i_2	i_3	n_1	n_2
*	*	*	*	*	*	*	*	*
261	7-1-15	8-1-15	1.25	4.00	4.00	4.00	7	8

3. In appendix C to part 4022, Rate Set 261 is added to the table to read as follows:

Appendix C to Part 4022 -- Lump Sum Interest Rates For Private-Sector Payments

* * * * *

Rate set	For plans with a valuation date		Immediate annuity rate (percent)	Deferred annuities (percent)				
	On or after	Before		i_1	i_2	i_3	n_1	n_2
*	*	*	*	*	*	*	*	*
261	7-1-15	8-1-15	1.25	4.00	4.00	4.00	7	8

PART 4044 — ALLOCATION OF ASSETS IN SINGLE-EMPLOYER PLANS

4. The authority citation for part 4044 continues to read as follows:

Authority: 29 U.S.C. 1301(a), 1302(b)(3), 1341, 1344, 1362.

5. In appendix B to part 4044, a new entry for July – September 2015 is added to the table to read as follows:

Appendix B to Part 4044 -- Interest Rates Used to Value Benefits

* * * * *

For valuation dates occurring in the month —	The values of i_t are:					
	i_t	for $t =$	i_t	for $t =$	i_t	for $t =$
* * *	*	*	*	*	*	*
July – September 2015	0.0232	1-20	0.0237	>20	N/A	N/A

Issued in Washington, DC, on this 8_ day of June 2015.

Judith Starr
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Pension Benefit Guaranty Corporation

[FR Doc. 2015-14592 Filed: 6/12/2015 08:45 am; Publication Date: 6/15/2015]