

**PENSION BENEFIT GUARANTY CORPORATION**

**Required Interest Rate Assumption for Determining Variable-Rate Premium; Interest on Late Premium Payments; Interest on Underpayments and Overpayments of Single-Employer Plan Termination Liability and Multiemployer Withdrawal Liability; Interest Assumptions for Multiemployer Plan Valuations Following Mass Withdrawal**

**AGENCY:** Pension Benefit Guaranty Corporation.

**ACTION:** Notice of interest rates and assumptions.

**SUMMARY:** This notice informs the public of the interest rates and assumptions to be used under certain Pension Benefit Guaranty Corporation regulations. These rates and assumptions are published elsewhere (or can be derived from rates published elsewhere), but are collected and published in this notice for the convenience of the public. Interest rates are also published on the PBGC's Web site (<http://www.pbgc.gov>).

**DATES:** The required interest rate for determining the variable-rate premium under part 4006 applies to premium payment years beginning in October 2002. The interest assumptions for performing multiemployer plan valuations following mass withdrawal under part 4281 apply to valuation dates occurring in November 2002. The interest rates for late premium payments under part 4007 and for underpayments and overpayments of single-employer plan termination liability under part 4062 and multiemployer withdrawal liability under part 4219 apply to interest accruing during the fourth quarter (October through December) of 2002.

**FOR FURTHER INFORMATION CONTACT:** Harold J. Ashner, Assistant General Counsel, Office of the General Counsel, Pension Benefit Guaranty Corporation, 1200 K Street, NW., Washington, DC 20005, 202-326-4024. (TTY/TDD users may call the Federal relay service toll-free at 1-800-877-8339 and ask to be connected to 202-326-4024.)

**SUPPLEMENTARY INFORMATION:**

**Variable-Rate Premiums**

Section 4006(a)(3)(E)(iii)(II) of the Employee Retirement Income Security Act of 1974 (ERISA) and § 4006.4(b)(1) of the PBGC's regulation on Premium Rates (29 CFR part 4006) prescribe use of an assumed interest rate (the "required interest rate") in determining a single-employer plan's variable-rate premium. The required interest rate is

the "applicable percentage" (currently 100 percent) of the annual yield on 30-year Treasury securities for the month preceding the beginning of the plan year for which premiums are being paid (the "premium payment year"). (Although the Treasury Department has ceased issuing 30-year securities, the Internal Revenue Service announces a surrogate yield figure each month—based on the 30-year Treasury bond maturing in February 2031—which the PBGC uses to determine the required interest rate.)

The required interest rate to be used in determining variable-rate premiums for premium payment years beginning in October 2002 is 4.76 percent.

The following table lists the required interest rates to be used in determining variable-rate premiums for premium payment years beginning between November 2001 and October 2002.

For premium payment years beginning in:	The required interest rate is:
November 2001 .....	4.52
December 2001 .....	4.35
January 2002 .....	5.48
February 2002 .....	5.45
March 2002 .....	5.40
April 2002 .....	5.71
May 2002 .....	5.68
June 2002 .....	5.65
July 2002 .....	5.52
August 2002 .....	5.39
September 2002 .....	5.08
October 2002 .....	4.76

**Late Premium Payments; Underpayments and Overpayments of Single-Employer Plan Termination Liability**

Section 4007(b) of ERISA and § 4007.7(a) of the PBGC's regulation on Payment of Premiums (29 CFR part 4007) require the payment of interest on late premium payments at the rate established under section 6601 of the Internal Revenue Code. Similarly, § 4062.7 of the PBGC's regulation on Liability for Termination of Single-Employer Plans (29 CFR part 4062) requires that interest be charged or credited at the section 6601 rate on underpayments and overpayments of employer liability under section 4062 of ERISA. The section 6601 rate is established periodically (currently quarterly) by the Internal Revenue Service. The rate applicable to the fourth quarter (October through December) of 2002, as announced by the IRS, is 6 percent.

The following table lists the late payment interest rates for premiums and employer liability for the specified time periods:

From—	Through—	Interest rate (percent)
7/1/96 .....	3/31/98	9
4/1/98 .....	12/31/98	8
1/1/99 .....	3/31/99	7
4/1/99 .....	3/31/00	8
4/1/00 .....	3/31/01	9
4/1/01 .....	6/30/01	8
7/1/01 .....	12/31/01	7
1/1/02 .....	12/31/02	6

**Underpayments and Overpayments of Multiemployer Withdrawal Liability**

Section 4219.32(b) of the PBGC's regulation on Notice, Collection, and Redetermination of Withdrawal Liability (29 CFR part 4219) specifies the rate at which a multiemployer plan is to charge or credit interest on underpayments and overpayments of withdrawal liability under section 4219 of ERISA unless an applicable plan provision provides otherwise. For interest accruing during any calendar quarter, the specified rate is the average quoted prime rate on short-term commercial loans for the fifteenth day (or the next business day if the fifteenth day is not a business day) of the month preceding the beginning of the quarter, as reported by the Board of Governors of the Federal Reserve System in Statistical Release H.15 ("Selected Interest Rates"). The rate for the fourth quarter (October through December) of 2002 (*i.e.*, the rate reported for September 16, 2002) is 4.75 percent.

The following table lists the withdrawal liability underpayment and overpayment interest rates for the specified time periods:

From	Through	Interest rate (percent)
4/1/96 .....	6/30/97	8.25
7/1/97 .....	12/31/98	8.50
1/1/99 .....	9/30/99	7.75
10/1/99 .....	12/31/99	8.25
1/1/00 .....	3/31/00	8.50
4/1/00 .....	6/30/00	8.75
7/1/00 .....	3/31/01	9.50
4/1/01 .....	6/30/01	8.50
7/1/01 .....	9/30/01	7.00
10/1/01 .....	12/31/01	6.50
1/1/02 .....	12/31/02	4.75

**Multiemployer Plan Valuations Following Mass Withdrawal**

The PBGC's regulation on Duties of Plan Sponsor Following Mass Withdrawal (29 CFR part 4281) prescribes the use of interest assumptions under the PBGC's regulation on Allocation of Assets in Single-Employer Plans (29 CFR part 4044). The interest assumptions applicable to valuation dates in

November 2002 under part 4044 are contained in an amendment to part 4044 published elsewhere in today's **Federal Register**. Tables showing the assumptions applicable to prior periods are codified in appendix B to 29 CFR part 4044.

Issued in Washington, DC, on this 8th day of October, 2002.

**Joseph H. Grant,**

*Deputy Executive Director and Chief Operating Officer, Pension Benefit Guaranty Corporation.*

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## SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-25766; File No. 812-12742]

### Minnesota Life Insurance Company, et al.; Notice of Application

October 8, 2002.

**AGENCY:** Securities and Exchange Commission ("Commission").

**ACTION:** Notice of application for an order pursuant to section 11(a) of the Investment Company Act of 1940 (the "Act") approving the terms of an offer of exchange.

**APPLICANTS:** Minnesota Life Insurance Company ("Minnesota Life"), Minnesota Life Variable Life Account (the "Variable Life Account"), and Securian Financial Services, Inc. ("Securian Financial," collectively with Minnesota Life and the Variable Life Account, the "Applicants").

**SUMMARY OF APPLICATION:** Applicants seek an order pursuant to Section 11(a) of the Act approving the terms of a proposed offer of exchange of new variable adjustable life insurance policies issued by Minnesota Life and made available through the Variable Life Account (the "New Policies") for certain outstanding variable adjustable life insurance policies issued by Minnesota Life and made available through the Variable Life Account ("VAL "87" or "VAL "95," collectively, the "Old Policies;" collectively with the New Policies, the "Policies").

**FILING DATE:** The Application was filed on December 31, 2001.

**HEARING OR NOTIFICATION OF HEARING:** An order granting the Application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and serving Applicants with a copy of the request, in person or by mail. Hearing requests should be received by the Commission

by 5:30 p.m. on November 1, 2002, and should be accompanied by proof of service on the Applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Secretary of the Commission.

**ADDRESSES:** Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609.

Applicants, c/o Anna Marie Ettl, Esq., Minnesota Life, 400 Robert Street North, St. Paul, MN 55101-2098; copies to W. Randolph Thompson, Esq., Of Counsel, Jones & Blouch L.L.P., 1025 Thomas Jefferson Street, NW., Suite 410E, Washington, DC 20007.

**FOR FURTHER INFORMATION CONTACT:** Martha Atkins, Senior Counsel, or Lorna J. MacLeod, Branch Chief, at (202) 942-0670, Office of Insurance Products, Division of Investment Management.

**SUPPLEMENTARY INFORMATION:** The following is a summary of the Application. The complete application is available for a fee from the Commission's Public Reference Branch, 450 Fifth Street, NW., Washington, DC 20549-0102 ((202) 942-8090).

### Applicants' Representations

1. Minnesota Life is a life insurance company organized under the laws of Minnesota. Minnesota Life was formerly known as The Minnesota Mutual Life Insurance Company, a mutual life insurance company organized in 1880 under the laws of Minnesota. Effective October 1, 1998, The Minnesota Mutual Life Insurance Company reorganized by forming a mutual insurance holding company named "Minnesota Mutual Companies, Inc." The Minnesota Mutual Life Insurance Company continued its corporate existence following conversion to a Minnesota stock life insurance company. All of the shares of the voting stock of Minnesota Life are owned by a second tier intermediate stock holding company named "Securian Financial Group, Inc.," which is a wholly-owned subsidiary of a first tier intermediate stock holding company named "Securian Holding Company," which in turn is a wholly-owned subsidiary of the ultimate parent, Minnesota Mutual Companies, Inc.

2. The Variable Life Account was established on October 21, 1985, by the Minnesota Life Board of Trustees in accordance with certain provisions of Minnesota insurance law. Minnesota Life is the legal owner of the assets in

the Variable Life Account. The obligations to Policy owners and beneficiaries arising under the Policies are general corporate obligations of Minnesota Life and thus Minnesota Life's general assets back the Policies. The Minnesota law under which the Variable Life Account was established provides that the assets of the Variable Life Account shall not be chargeable with liabilities arising out of any other business which Minnesota Life may conduct, but shall be held and applied exclusively to the benefit of the holders of those variable life insurance policies for which the separate account was established. The investment performance of the Variable Life Account is entirely independent of both the investment performance of Minnesota Life's General Account and of any other separate account which Minnesota Life may have established or may later establish. The Variable Life Account is organized and registered under the Act as a unit investment trust (File No. 811-4585) and is a "separate account" as defined in section 2(a)(37) of the Act.

3. Securian Financial is registered with the Commission as a broker-dealer and is a member of the National Association of Securities Dealers, Inc. Securian Financial is the principal underwriter for the Policies. Securian Financial is a wholly-owned subsidiary of Advantus Capital Management, Inc., which in turn is a wholly-owned subsidiary of Minnesota Life.

### The New Policies

4. The New Policies are offered pursuant to a registration statement under the Securities Act of 1933 (the "1933 Act") filed on February 8, 2000 (File No. 333-96383).

5. The New Policies are variable adjustable life insurance policies that permit the Policy owner to determine the amount of life insurance protection he or she requires and the amount of money the Policy owner can afford to pay. Based on the Policy owner's selection of the premium, face amount and death benefit option, Minnesota Life will calculate the guaranteed plan of insurance. Subject to certain minimums, maximums, and Minnesota Life's underwriting standards, a Policy owner may choose any level of premium or death benefit he or she wishes. This flexibility results in a broad range of plans of insurance.

6. The New Policies have a level premium for a specified number of years, for the life of the insured, or until the Policy becomes paid up.

7. Policy values of the Old and New Policies may be invested in the Variable