PENSION BENEFIT GUARANTY CORPORATION

29 CFR Parts 4022 and 4044


AGENCY: Pension Benefit Guaranty Corporation.

ACTION: Final rule.


EFFECTIVE DATE: September 1, 2004.

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: The PBGC’s regulations prescribe actuarial assumptions—including interest assumptions—for valuing and paying plan benefits of terminating single-employer plans covered by title IV of the Employee Retirement Income Security Act of 1974. The interest assumptions are intended to reflect current conditions in the financial and annuity markets.

Three sets of interest assumptions are prescribed: (1) a set for the valuation of benefits for allocation purposes under section 4044 (found in Appendix B to part 4022), (2) a set for the PBGC to use to determine whether a benefit is payable as a lump sum and to determine lump-sum amounts to be paid by the PBGC (found in Appendix B to part 4022), and (3) a set for private-sector pension practitioners to refer to if they wish to use lump-sum interest rates determined using the PBGC’s historical methodology (found in Appendix C to part 4022).

Accordingly, this amendment (1) adds to Appendix B to part 4044 the interest assumptions for valuing benefits for allocation purposes in plans with valuation dates during September 2004, (2) adds to Appendix B to part 4022 the interest assumptions for the PBGC to use for its own lump-sum payments in plans with valuation dates during September 2004, and (3) adds to Appendix C to part 4022 the interest assumptions for private-sector pension practitioners to refer to if they wish to use lump-sum interest rates determined using the PBGC’s historical methodology for valuation dates during September 2004.

For valuation of benefits for allocation purposes, the interest assumptions that the PBGC will use (set forth in Appendix B to part 4044) will be 4.20 percent for the first 20 years following the valuation date and 5.00 percent thereafter. These interest assumptions represent a decrease (from those in effect for August 2004) of 0.10 percent for the first 20 years following the valuation date and are otherwise unchanged.

The interest assumptions that the PBGC will use for its own lump-sum payments (set forth in Appendix B to part 4022) will be 3.25 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. These interest assumptions represent a decrease (from those in effect for August 2004) of 0.25 percent for the period during which a benefit is in pay status and are otherwise unchanged.

For private-sector payments, the interest assumptions (set forth in Appendix C to part 4022) will be the same as those used by the PBGC for determining and paying lump sums (set forth in Appendix B to part 4022).

The 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, as accurately as possible, current market conditions.

Because of the need to provide immediate guidance for the valuation and payment of benefits in plans with valuation dates during September 2004, the PBGC finds that good cause exists for making the assumptions set forth in this amendment effective less than 30 days after publication.

The 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 131, as set forth below, is added to the table. (The introductory text of the table is omitted.)

Appendix B to Part 4022—Lump Sum Interest Rates for PBGC Payments

<table>
<thead>
<tr>
<th>Rate set</th>
<th>For plans with a valuation date</th>
<th>Immediate annuity rate (percent)</th>
<th>Deferred annuities (percent)</th>
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<tr>
<td>131</td>
<td>9–1–04</td>
<td>3.25</td>
<td>4.00 4.00 4.00 7 8</td>
</tr>
</tbody>
</table>


3. In appendix C to part 4022, Rate Set 131, as set forth below, is added to the table. (The introductory text of the table is omitted.)

### Appendix C to Part 4022—Lump Sum Interest Rates for Private-Sector Payments

<table>
<thead>
<tr>
<th>Rate set</th>
<th>For plans with a valuation date</th>
<th>Immediate annuity rate (percent)</th>
<th>Deferred annuities (percent)</th>
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<td>On or before</td>
<td>Before</td>
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<tr>
<td>131</td>
<td>9–1–04</td>
<td>10–1–04</td>
<td>3.25</td>
</tr>
</tbody>
</table>

**PART 4044—ALLOCATION OF ASSETS IN SINGLE-EMPLOYER PLANS**

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

**SUMMARY:** EPA is approving a State Implementation Plan (SIP) revision submitted by the State of Connecticut. This revision establishes limited maintenance plans for the Hartford-New Britain-Middletown, the New Haven-Meriden-Waterbury, and the Connecticut portion of the New York-Northern New Jersey-Long Island carbon monoxide attainment areas, and provides the ten-year update to these three carbon monoxide maintenance plans. EPA is taking this action under the Clean Air Act.

**DATES:** Effective Date: This rule will become effective on September 13, 2004.

**ADDRESSES:** EPA has established a docket for this action under Regional Material in EDocket (RME) Docket ID Number R01–OAR–2004–CT–0003. All documents in the docket are listed in the Regional Material in EDocket (RME) index at http://docket.epa.gov/rmepub/, once in the system, select “quick search,” then key in the appropriate RME Docket identification number. Although listed in the electronic docket, some information is not publicly available, i.e., CBI or other information whose disclosure is restricted by statute. Certain other material, such as copyrighted material, is not placed on the Internet and will be publicly available only in hard copy form. Publicly available docket materials are available either electronically in Regional Material in EDocket or in hard copy at Office of Ecosystem Protection, U.S. Environmental Protection Agency, EPA New England Regional Office, One Congress Street, Suite 1100, Boston, MA 02114–2023, telephone number (617) 918–1668, fax number (617) 918–0668, e-mail cooke.donald@epa.gov.

**SUPPLEMENTARY INFORMATION:**

I. Background

On June 28, 2004, the Connecticut Department of Environmental Protection (CT DEP) submitted a revision to its State Implementation Plan (SIP) for “Limited Maintenance Plans for the Hartford, the New Haven, and the Connecticut Portion of the New York/New Jersey/Connecticut Carbon Monoxide Maintenance Areas.” The revision consists of a second follow-on ten-year carbon monoxide maintenance plan for the Hartford-New Britain-Middletown carbon monoxide attainment area (period 2006 to 2015) and a request for a limited carbon monoxide maintenance plan designation. The State of Connecticut also requested limited maintenance plan approval and early approval of the second follow-on ten-year maintenance plans for both the New Haven-Meriden-