PENSION BENEFIT GUARANTY CORPORATION

29 CFR Parts 4022 and 4044


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 asset payments regulation for valuation dates in October 2012 and interest assumptions under the asset allocation regulation for valuation dates in the fourth quarter of 2012. 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 October 1, 2012.

FOR FURTHER INFORMATION CONTACT: Catherine B. Klion (Klion.Catherine@PBGC.gov), Manager, Regulatory and Policy Division, Legislative and Regulatory Department, 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.)


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 October 2012 and updates the asset allocation interest assumptions for the fourth quarter (October through December) of 2012.

The fourth quarter 2012 interest assumptions under the allocation regulation will be 3.07 percent for the first 20 years following the valuation date and 3.00 percent thereafter. In comparison with the interest assumptions in effect for the third quarter of 2012, these interest assumptions represent no change in the select period (the period during which the select rate (the initial rate) applies), an increase of 0.12 percent in the select rate, and a decrease of 0.66 percent in the ultimate rate (the final rate).

The October 2012 interest assumptions under the benefit payments regulation will be 0.75 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 September 2011, these interest assumptions are 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 October 2012, 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).
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:

PART 4022—BENEFITS PAYABLE IN TERMINATED SINGLE-EMPLOYER PLANS

2. In appendix B to part 4022, an entry for Rate Set 228 is added to the table to read as follows:

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

<p>| * * * * * |
|---|---|---|---|</p>
<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>
</tr>
</thead>
<tbody>
<tr>
<td>228</td>
<td>10–1–12 11–1–12</td>
<td>0.75 4.00 4.00</td>
<td>7 8</td>
</tr>
</tbody>
</table>

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

<p>| * * * * * |
|---|---|---|---|</p>
<table>
<thead>
<tr>
<th>Rate set</th>
<th>For plans with a valuation date</th>
<th>Immediate annuity rate (percent)</th>
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<tr>
<td>228</td>
<td>10–1–12 11–1–12</td>
<td>0.75 4.00 4.00</td>
<td>7 8</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:

PART 4044—ALLOCATION OF ASSETS IN SINGLE-EMPLOYER PLANS

5. In appendix B to part 4044, an entry for October—December 2012 is added to the table to read as follows:

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

<p>| * * * * * |
|---|---|---|---|</p>
<table>
<thead>
<tr>
<th>Rate set</th>
<th>For plans with a valuation date</th>
<th>Immediate annuity rate (percent)</th>
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</tbody>
</table>

Issued in Washington, DC, on this 11th day of September 2012.

Laricke Blanchard, Deputy Director for Policy, Pension Benefit Guaranty Corporation.

DEPARTMENT OF THE NAVY

Department of the Navy

32 CFR Part 701

[DOCKET ID USN–2012–0014]

Privacy Act; Implementation

AGENCY: Department of the Navy, DoD.

ACTION: Direct final rule with request for comments.

SUMMARY: Department of the Navy is updating the Navy Privacy Act Program by adding the (k)(2) exemption to accurately describe the basis for exempting the records in the system of records notice N05800–2, Professional Responsibility Files.

This direct final rule makes non-substantive changes to the Department of the Navy’s Program rules. This will improve the efficiency and effectiveness of DoD’s program by ensuring the integrity of the security and investigative material compiled for law enforcement purposes by the Department of the Navy and the Department of Defense. This rule is being published as a direct final rule as the Department of Defense does not expect to receive any adverse comments, and so a proposed rule is unnecessary.