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 benefit payments regulation for valuation dates in April 2014 and interest assumptions under the asset allocation regulation for valuation dates in the second quarter of 2014. 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 April 1, 2014.

FOR FURTHER INFORMATION CONTACT: Catherine B. Klion (Klion.Catherine@pbgc.gov), Assistant General Counsel for Regulatory Affairs, 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 1–800–225–5165 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 April 2014 and updates the asset allocation interest assumptions for the second quarter (April through June) of 2014.

The second quarter 2014 interest assumptions under the allocation regulation will be 3.47 percent for the first 20 years following the valuation date and 3.64 percent thereafter. In comparison with the interest assumptions in effect for the first quarter of 2014, 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 an increase of 0.14 percent in the ultimate rate (the final rate).

The April 2014 interest assumptions under the benefit payments regulation will be 1.50 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 March 2014, 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 April 2014, 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.

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 246, as set forth below, is added to the table.

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>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>On or after</td>
<td>Before</td>
<td>i₁</td>
</tr>
<tr>
<td>246</td>
<td>4–1–14</td>
<td>5–1–14</td>
<td>1.50</td>
</tr>
</tbody>
</table>

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Rate set: 246

For plans with a valuation date: 4–1–14, 5–1–14

Immediate annuity rate (percent): 1.50, 4.00, 4.00

Deferred annuities (percent): 4.00, 7, 8
3. In appendix C to part 4022, Rate Set 246, as set forth below, is added to the table.

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

<table>
<thead>
<tr>
<th>Rate set</th>
<th>Immediate annuity rate (percent)</th>
<th>Deferred annuities (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>246</td>
<td>1.50</td>
<td>4.00</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:

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

5. In appendix B to part 4044, a new entry for April—June 2014, as set forth below, is added to the table.

<table>
<thead>
<tr>
<th>For valuation dates occurring in the month—</th>
<th>The values of $i$ are:</th>
</tr>
</thead>
<tbody>
<tr>
<td>April—June 2014</td>
<td>$i_t = 0.0347$, $i_t = 0.0364$</td>
</tr>
<tr>
<td></td>
<td>$i_t = N/A$, $i_t = N/A$</td>
</tr>
</tbody>
</table>

**SUPPLEMENTARY INFORMATION:**

**Table of Acronyms**

- A. Regulatory History and Information

The Coast Guard is issuing this temporary final rule without prior notice and opportunity to comment pursuant to authority under section 4(a) of the Administrative Procedure Act (APA) (5 U.S.C. 553(b)). This provision authorizes an agency to issue a rule without prior notice and opportunity to comment when the agency for good cause finds that those procedures are “impracticable, unnecessary, or contrary to the public interest.” Under 5 U.S.C. 553(b)(B), the Coast Guard finds that good cause exists for not publishing a notice of proposed rulemaking (NPRM) with respect to this rule because doing so would be impracticable and contrary to the public interest. The logistical details for this event were not known to the Coast Guard until there was insufficient time remaining before the events to publish an NPRM. Thus, delaying the effective date of this rule to wait for a comment period to run would be both impracticable and contrary to the public interest because it would inhibit the Coast Guard’s ability to protect spectators and vessels from the hazards associated with a maritime event.