**PENSION BENEFIT GUARANTY CORPORATION**

**29 CFR Parts 4022 and 4044**


**AGENCY:** Pension Benefit Guaranty Corporation.

**ACTION:** Final rule.

**SUMMARY:** The Pension Benefit Guaranty Corporation’s regulations on Benefits Payable in Terminated Single-Employer Plans and Allocation of Assets in Single-Employer Plans prescribe interest assumptions for valuing and paying benefits under terminating single-employer plans. This final rule amends the regulations to adopt interest assumptions for plans with valuation dates in August 2006. Interest assumptions are also published on the PBGC’s Web site (http://www.pbgc.gov).

**DATES:** Effective August 1, 2006.

**FOR FURTHER INFORMATION CONTACT:** Catherine B. Klon, Attorney, 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.)

**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 4044), (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).

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 August 2006, (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 August 2006, 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 August 2006.

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 6.40 percent for the first 20 years following the valuation date and 4.75 percent thereafter. These interest assumptions represent an increase (from those in effect for July 2006) of 0.10 percent for the first 20 years following the valuation date and are otherwise unchanged. These interest assumptions reflect the PBGC’s recently updated mortality assumptions, which are effective for terminations on or after January 1, 2006. See the PBGC’s final rule published December 2, 2005 (70 FR 72205), which is available at http://www.pbgc.gov/docs/05–23554.pdf. Because the updated mortality assumptions reflect improvements in mortality, these interest assumptions are higher than they would have been using the old mortality assumptions.

The interest assumptions that the PBGC will use for its own lump-sum payments (set forth in Appendix B to part 4022) will be 3.50 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. These interest assumptions represent no change from those in effect for July 2006. 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 current market conditions as accurately as possible.

Because of the need to provide immediate guidance for the valuation and payment of benefits in plans with valuation dates during August 2006, 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 Parts 4022

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

29 CFR Parts 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 154, as set forth below, is added to the table.

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

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<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>
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<td></td>
<td>On or after Before</td>
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<td>*</td>
</tr>
<tr>
<td>154</td>
<td>8–1–06 9–1–06</td>
<td>3.50</td>
<td>4.00 4.00 4.00 7 8</td>
</tr>
</tbody>
</table>


3. In appendix C to part 4022, Rate Set 154, as set forth below, is added to the table.

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<table>
<thead>
<tr>
<th>Rate set</th>
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<th>Immediate annuity rate (percent)</th>
<th>Deferred annuities (percent)</th>
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<tbody>
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<td>On or after</td>
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<td>9–1–06</td>
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PART 4044—ALLOCATION OF ASSETS IN SINGLE-EMPLOYER PLANS

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

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For valuation dates occurring in the month—

<table>
<thead>
<tr>
<th>For valuation dates occurring in the month</th>
<th>( i_1 ) for ( t = 1–20 )</th>
<th>( i_1 ) for ( t &gt; 20 )</th>
<th>( i_3 ) for ( t = 1–20 )</th>
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</tr>
</thead>
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</table>
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The Greater Jacksonville Kingfish Tournament is held annually the second full week of July along the waters of the St. Johns River and the Atlantic Ocean. This regulation will temporarily change the eastern boundary of the regulated area found in paragraph (a) of Section 100.710 from Lighted Buoy 7 (LLNR 7145) in approximate position 30°26′14.21″N, 81°22′56.05″W, Lighted Buoy 10 (LLNR 7150) in position 30°26′14.99″N, 81°22′56.05″W, and Lighted Buoy 10 (LLNR 7150) in position 30°26′14.99″N, 81°22′56.05″W, and Lighted Buoy 10 (LLNR 7150) at approximate position 30°26′14.99″N, 81°22′56.05″W. Changes are also being made to the effective dates found in paragraph (c) of Section 100.710 as the tournament will now take place the second full week after July 4th. Additionally, a new paragraph (b) is being added to define “Minimum Safe Speed” and existing paragraphs (b) and (c) are being redesignated (c) and (d) accordingly. Coast Guard Sector Jacksonville will issue a Local Notice to Mariners announcing times and dates the regulated area is in effect. Vessels transiting within the regulated area must travel at a Minimum Safe Speed.

### Background and Purpose

The Greater Jacksonville Kingfish Tournament is held annually the second full week of July along the waters of the St. Johns River and the Atlantic Ocean. This regulation will temporarily change the eastern boundary of the regulated area found in paragraph (a) of Section 100.710 from Lighted Buoy 7 (LLNR 7145) in approximate position 30°26′14.21″N, 81°22′56.05″W, Lighted Buoy 10 (LLNR 7150) in position 30°26′14.99″N, 81°22′56.05″W, and Lighted Buoy 10 (LLNR 7150) at approximate position 30°26′14.99″N, 81°22′56.05″W. Changes are also being made to the effective dates found in paragraph (c) of Section 100.710 as the tournament will now take place the second full week after July 4th. Additionally, a new paragraph (b) is being added to define “Minimum Safe Speed” and existing paragraphs (b) and (c) are being redesignated (c) and (d) accordingly. Coast Guard Sector Jacksonville will issue a Local Notice to Mariners announcing times and dates the regulated area is in effect. Vessels transiting within the regulated area must travel at a Minimum Safe Speed.

### Discussion of Rule

This temporary rule is necessary to accommodate the changes by the