different form or begins at a different age, the maximum guaranteed amount will be the actuarial equivalent of $2,761.36 per month.

The appendix to part 4022 lists the maximum guaranteed benefit payable by the PBGC to participants in single-employer plans that have terminated in each year from 1974 through 1996. This amendment updates the appendix for plans that terminate in 1997.

Section 4011 of ERISA requires plan administrators of certain underfunded plans to provide notice to plan participants and beneficiaries of the plan’s funding status and the limits of the PBGC’s guarantee. The PBGC’s regulation on Disclosure to Participants (29 CFR Part 4011) implements the statutory notice requirement. This rule amends Appendix B to the regulation on Disclosure to Participants by adding information on 1997 maximum guaranteed benefit amounts. Plan administrators may, subject to the requirements of that regulation, include this information in participant notices. Because the maximum guaranteed benefit is determined according to the formula in section 4022(b)(3)(B) of ERISA, and these amendments make no change in its method of calculation but simply list 1997 maximum guaranteed benefit amounts for the information of the public, general notice of proposed rulemaking is not required.

Moreover, because the 1997 maximum guaranteeable benefit amounts for the plan’s funding status and the limits of the PBGC’s guarantee are included in participant notices, the amendment updates the appendix for the convenience of the reader and remains unchanged.

### Appendix B to Part 4011—Table of Maximum Guaranteed Benefits

<table>
<thead>
<tr>
<th>Year</th>
<th>Monthly</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>$2,761.36</td>
<td>$33,136.32</td>
</tr>
</tbody>
</table>

### Summary

1. The authority citation for Part 4022 continues to read as follows:

   **Authority:** 29 U.S.C. 1302(b)(3), 1311.

2. The appendix to part 4022 is amended by adding a new entry to the table to read as follows. The introductory text is reproduced for the convenience of the reader and remains unchanged.

### Part 4022—Maximum Guaranteeable Monthly Benefits

The following table lists by year the maximum guaranteeable monthly benefit payable in the form of a life annuity commencing at age 65 as described by § 4022.22(b) to a participant in a plan that terminated in that year:

<table>
<thead>
<tr>
<th>Year</th>
<th>Maximum guaranteeable monthly benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>....................................... 2,761.36</td>
</tr>
</tbody>
</table>

### PART 4011—DISCLOSURE TO PARTICIPANTS

3. The authority citation for Part 4011 continues to read as follows:

   **Authority:** 29 U.S.C. 1302, 1322, 1322b, 1341(c)(3)(D), and 1344.

4. Appendix B to part 4011 is amended by adding a new entry to the table to read as follows. The introductory text is reproduced for the convenience of the reader and remains unchanged.

### ACTION

Final rule.

### SUMMARY


### EFFECTIVE DATE

January 1, 1997.

### FOR FURTHER INFORMATION CONTACT:


### SUPPLEMENTARY INFORMATION


Among the actuarial assumptions prescribed in part 4044 are interest assumptions. These interest assumptions are intended to reflect current conditions in the financial and annuity markets.

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**Issued at Washington, D.C., this 10th day of December, 1996.**

**Martin Slate,**
Executive Director, Pension Benefit Guaranty Corporation.

[FR Doc. 96–31715 Filed 12–12–96; 8:45 am]

**BILLING CODE 7708–01–P**

29 CFR Part 4044

Allocation of Assets in Single-Employer Plans; Interest Assumptions for Valuing Benefits

**AGENCY:** Pension Benefit Guaranty Corporation.
Two sets of interest assumptions are prescribed, one set for the valuation of benefits to be paid as annuities and one set for the valuation of benefits to be paid as lump sums. This amendment adds to Appendix B to Part 4044 the annuity and lump sum interest assumptions for valuing benefits in plans with valuation dates during January 1997.

For annuity benefits, the interest assumptions will be 5.80 percent for the first 25 years following the valuation date and 5.00 percent thereafter. The above annuity assumptions (in comparison with those in effect during December 1996) reflect a 5-year increase in the period during which the initial rate applies (from a period of 20 years following the valuation date to a period of 25 years following the valuation date). The initial rate, in effect during the 25-year period, represents a decrease (from the initial rate in effect for December 1996) of .25 percent over the previous ultimate rate.

For benefits to be paid as lump sums, the interest assumptions to be used by the PBGC will be 4.50 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. The lump sum interest assumptions represent a decrease (from those in effect for December 1996) of .25 percent for the period during which a benefit is in pay status and are otherwise unchanged.

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 of benefits in plans with valuation dates during January 1997, 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 in 29 CFR Part 4044

Pension insurance, Pensions.

In consideration of the foregoing, 29 CFR part 4044 is amended as follows:

PART 4044—[AMENDED]

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

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

2. In Appendix B, a new entry is added to Table I, and Rate Set 39 is added to Table II, as set forth below. The introductory text of each table is republished for the convenience of the reader and remains unchanged.

Appendix B to Part 4044—Interest Rates Used to Value Annuities and Lump Sums

TABLE I.—[ANNUITY VALUATIONS]

This table sets forth, for each indicated calendar month, the interest rates (denoted by i₁, i₂, * * *, and referred to generally as i) assumed to be in effect between specified anniversaries of a valuation date that occurs within that calendar month; those anniversaries are specified in the columns adjacent to the rates. The last listed rate is assumed to be in effect after the last listed anniversary date.

| For valuation dates occurring in the month— | i₁  for t= i₂  for t= i₃  for t= |
|-------------------------------------------|---------------------------------|---------------------------------|
| January 1997 .................................................. | .0580  1–25  .0500  >25  N/A  N/A |

TABLE II.—[LUMP SUM VALUATIONS]

In using this table: (1) For benefits for which the participant or beneficiary is entitled to be in pay status on the valuation date, the immediate annuity rate shall apply; (2) For benefits for which the deferral period is y years (where y is an integer and 0 < y ≤ n₁), interest rate i₁ shall apply from the valuation date for a period of y–n₁ years, and thereafter the immediate annuity rate shall apply; (3) For benefits for which the deferral period is y years (where y is an integer and n₁ < y ≤ n₁ + n₂), interest rate i₂ shall apply from the valuation date for a period of y–n₁ years, and thereafter the immediate annuity rate shall apply; (4) For benefits for which the deferral period is y years (where y is an integer and y > n₁ + n₂), interest rate i₁ shall apply from the valuation date for a period of y–n₁–n₂ years, interest rate i₂ shall apply for the following n₁ years, and thereafter the immediate annuity rate shall apply.

<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 Before</td>
<td>i₁     i₂     i₃     n₁     n₂</td>
<td></td>
</tr>
<tr>
<td>39</td>
<td>01–1–97 02–1–97</td>
<td>4.50  4.00  4.00  4.00  7  8</td>
<td></td>
</tr>
</tbody>
</table>
This rule amends the Pension Benefit Guaranty Corporation’s regulation on Allocation of Assets in Single-Employer Plans by substituting new Table I–97 in place of existing Table I–96 in appendix D. Table I–97 applies to any plan being terminated either in a distress termination or involuntarily by the PBGC with a valuation date falling in 1997, and is used to determine expected retirement ages for plan participants. This table is needed in order to compute the value of early retirement benefits and, thus, the total value of benefits under the plan.

**Effective Date:** January 1, 1997.

**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 20005–4026; 202–326–4024 (202–326–4179 for TTY and TDD).

**Supplementary Information:** The PBGC’s regulation on Allocation of Assets in Single-Employer Plans (29 CFR part 4044) sets forth (in subpart B) the methods for valuing plan benefits of terminating single-employer plans covered under Title IV of the Employee Retirement Income Security Act of 1974. Under ERISA section 4041(c), plans wishing to terminate in a distress termination must value guaranteed benefits and benefit liabilities under the plan in accordance with part 4044, subpart B. In addition, when the PBGC terminates an underfunded plan involuntarily pursuant to ERISA Section 4042(a), it uses the subpart B valuation rules to determine the amount of the plan’s underfunding.

Under § 4044.51(b), early retirement benefits are valued based on the annuity starting date, if a retirement date has been selected, or the expected retirement age, if the annuity starting date is not known on the valuation date. Sections 4044.55 through 4044.57 set forth rules for determining the expected retirement age for plans with a valuation date falling in 1997, and is used to determine the expected early retirement age.

Table I in appendix D (Selection of Retirement Rate Category) is used to determine whether a participant has a low, medium, or high probability of retiring early. The determination is based on the year a participant would reach “unreduced retirement age” (i.e., the earlier of the normal retirement age or the age at which an unreduced benefit is first payable) and the participant’s monthly benefit at unreduced retirement age. The table applies only to plans with valuation dates in the current year and is updated annually by the PBGC to reflect changes in the cost of living, etc.

### Table I–97—Selection of Retirement Rate Category

<table>
<thead>
<tr>
<th>Participant reaches URA in year—</th>
<th>Participant’s Retirement Rate Category is—</th>
<th>Low 1 if monthly benefit at URA is less than—</th>
<th>Medium 2 if monthly benefit at URA is From</th>
<th>To</th>
<th>High 3 if monthly benefit at URA is greater than—</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td></td>
<td>409</td>
<td>409</td>
<td>1,723</td>
<td>1,723</td>
</tr>
<tr>
<td>1999</td>
<td></td>
<td>421</td>
<td>421</td>
<td>1,771</td>
<td>1,771</td>
</tr>
</tbody>
</table>

1. The authority citation for part 4044 continues to read as follows: **Authority:** 29 U.S.C. 1301(a), 1302(b)(3), 1323, 1344, 1362.

2. Appendix D to part 4044 is amended by removing Table I–96 and adding in its place Table I–97 to read as follows:

**Appendix D to Part 4044—Tables Used to Determine Expected Retirement Age**

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 regulation, the Regulatory Flexibility Act of 1980 does not apply (5 U.S.C. 601(2)).

List of Subjects in 29 CFR Part 4044

Pension insurance, Pensions.

In consideration of the foregoing, 29 CFR part 4044 is amended as follows:

**PART 4044—AMENDED**

1. The authority citation for part 4044 continues to read as follows: **Authority:** 29 U.S.C. 1301(a), 1302(b)(3), 1323, 1344, 1362.

2. Appendix D to part 4044 is amended by removing Table I–96 and adding in its place Table I–97 to read as follows: