Part II

Pension Benefit Guaranty Corporation

29 CFR Part 4044
Allocation of Assets in Single-Employer Plans; Interest Rates and Assumptions Used in Making Benefits Valuations; Final Rule and Notice
SUMMARY: This final rule amends the Pension Benefit Guaranty Corporation’s regulation on Allocation of Assets in Single-Employer Plans. The regulation prescribes interest assumptions for valuing benefits under terminating single-employer plans. This rule adopts interest assumptions for plans with valuation dates in August 1996 and advises the public of the new assumptions. These interest assumptions are also used under the PBGC’s regulation on Duties of Plan Sponsor Following Mass Withdrawal.

EFFECTIVE DATE: August 1, 1996.


SUPPLEMENTARY INFORMATION: This rule adopts the August 1996 interest assumptions to be used in benefit valuations for terminating single-employer plans. Before July 1996, the interest assumptions used for such benefit valuations were contained in PBGC regulations codified at 29 CFR part 2619. In a final rule effective July 1, 1996 (61 FR 34001), the PBGC reorganized and renumbered its regulations. The single-employer benefit valuation provisions are now codified in the PBGC’s regulation on Allocation of Assets in Single-Employer Plans at 29 CFR part 4044, and this rule amends that regulation. As discussed in a notice published elsewhere in today’s Federal Register, these interest assumptions are also used in valuations of multiemployer plans following mass withdrawal.

Part 4044 prescribes actuarial assumptions for valuing plan benefits of terminating single-employer plans covered by title IV of the Employee Retirement Income Security Act of 1974. Generally, the interest rates and factors under part 4044 are in effect for at least one month. However, the PBGC publishes its interest assumptions each month regardless of whether they represent a change from the previous month’s assumptions. The assumptions are normally published in the Federal Register on or about the 15th of the preceding month.

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 provide immediate guidance for the valuation of benefits in plans with valuation dates during August 1996, the PBGC finds that good cause exists for making the rates and factors set forth in this amendment effective less than 30 days after publication.

Because of the need to provide immediate guidance for the valuation of benefits in plans with valuation dates during August 1996, the PBGC finds that good cause exists for making the rates and factors set forth in this amendment effective less than 30 days after publication.

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List of Subjects in 29 CFR Part 4044

Pension insurance, Pensions.

In consideration of the foregoing, part 4044 of chapter XL, title 29, Code of Federal Regulations, is hereby 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.

Appendix B to Part 4044—[Amended]

2. In appendix B, a new entry is added to Table I, and Rate Set 34 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 \(i_1, i_2, \ldots\), and referred to generally as \(i_t\)) 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]

<table>
<thead>
<tr>
<th>For valuation dates occurring in the month—</th>
<th>The values of (i_t) are:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(i_t) for (t=1)</td>
</tr>
<tr>
<td></td>
<td>(i_t) for (t=&gt;20)</td>
</tr>
<tr>
<td>August 1996</td>
<td>0.0630</td>
</tr>
</tbody>
</table>

### 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 \(0 < y \leq n_1\)), interest rate \(i_1\) shall apply from the valuation date for a period of \(y\) 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 \(n_1 < y \leq n_1 + n_2\)), interest rate \(i_2\) shall apply from the valuation date for a period of \(y - n_1\) years, interest rate \(i_1\) shall apply for the following \(n_1\) 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 \(y > n_1 + n_2\)), interest rate \(i_3\) shall apply from the valuation date for a period of \(y - n_1 - n_2\) years, interest rate \(i_2\) shall apply for the following \(n_2\) years, interest rate \(i_1\) shall apply for the following \(n_1\) 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</td>
<td>Before</td>
<td>(i_1)</td>
</tr>
<tr>
<td>34</td>
<td>08–1–96</td>
<td>09–1–96</td>
<td>5.25</td>
</tr>
</tbody>
</table>

Issued in Washington, DC, on this 5th day of July 1996.

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

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