

PBGC February 2021 Interest Rate Summary  
February 17, 2021

**Note regarding ERISA 4022 immediate and deferred lump sum interest rates** - Prior to 2021, PBGC used an immediate and deferred interest rate structure to determine the lump sum value of a participant's benefit under PBGC's [benefit payment regulation](#) (29 CFR 4022). Starting in 2021, PBGC uses IRS 417(e)(3) interest rates for this purpose, and, as a result, no longer publishes the legacy immediate and deferred rates. However, in its [benefit payment regulation](#) (29 CFR 4022), PBGC provides a [table](#) that enables practitioners to determine immediate and deferred interest rates for months after December 2020 in accordance with PBGC's historical methodology. See PBGC's [final 4022 rule](#) issued September 9, 2020 for more information.

The purpose of this summary is to provide, in one place, a summary of current interest rates that relate to various calculations required under Title IV of ERISA. PBGC posts this summary each month, as soon as all of the new information is available. Rate specific webpages containing additional information about and historical data for each type of rate included in this summary are available via [PBGC's interest rates webpage](#).

**Rates that change each month**

| Description                            | What Rate Is Used For  | Most Current Rate(s) Available  | When Rate Is Used   |
|--|--|---|---|
| <a href="#">Variable-Rate Premiums</a> | <p>These rates, the spot segment rates, are used to determine the variable-rate premium (VRP) unless the plan has an election in effect to use the Alternative Premium Funding Target.</p> <p>These rates are determined and published by the IRS.</p> | <ul style="list-style-type: none"> <li>1<sup>st</sup> segment rate - 0.50%</li> <li>2<sup>nd</sup> segment rate - 2.38%</li> <li>3<sup>rd</sup> segment rate - 3.17%</li> </ul> | <p>These are the January 2021 spot segment rates. They are used by plans with plan years beginning in February 2021 for determining either the 2021 or 2022 VRP, depending on whether the plan uses the "lookback rule".</p> <p>The <a href="#">VRP interest rate web page</a> provides additional information about applicability.</p> |

**Rates that change each calendar quarter**

The rates in the table below are updated in each of the March, June, September, and December *Monthly Interest Rate Summaries*. For all other months, the rates are identical to the prior month's Summary.

| Description                               | What Rate Is Used For   | Most Current Rate(s) Available   | When Rate Is Used  |
|---|---|--|--|
| <a href="#">ERISA 4044 Annuities</a>      | <p>These rates are used for determining the present value of accrued benefits on a termination basis.</p>   | <ul style="list-style-type: none"> <li>Select rate - 1.69% for the first 20 years following the date of plan termination</li> <li>Ultimate rate - 1.66% thereafter.</li> </ul> | <p>January 1, 2021 through March 31, 2021 valuations</p>                   |
| <a href="#">Late Premium Payments</a>     | <p>PBGC charges interest on late PBGC premiums using the IRC section 6601(a) rate (i.e., what IRS charges for late tax payments).</p> <p>Late payment penalties may also apply. See <a href="#">Late Payment Charges</a> for more information.</p> <p>The same rates are also used to compute certain interest charges applicable when PBGC trustees a plan (e.g., interest on required contributions unpaid as of the termination date).</p> | <p>3.00%</p>   | <p>Interest accrued January 1, 2021 through March 31, 2021</p>             |
| <a href="#">Late Withdrawal Liability</a> | <p>Unless rules adopted by the plan provide otherwise, this is the rate of interest multiemployer plans:</p> <ul style="list-style-type: none"> <li>charge employers who have withdrawn from the plan if withdrawal liability payments are late or in default and</li> <li>credit such employers if they overpay their withdrawal liability.</li> </ul>   | <p>3.25%</p>   | <p>Interest charged or credited January 1, 2021 through March 31, 2021</p> |