(1) By assuming that the starting date of each benefit is the earliest date, not preceding the valuation date, that could be elected; or
(2) By using any other assumption that the plan sponsor demonstrates to the satisfaction of the PBGC is more reasonable under the circumstances.

§ 4281.13 Benefit valuation methods—in general.

Except as otherwise provided in § 4281.16 (regarding plans that are closing out), the plan sponsor shall value benefits as of the valuation date by—

(a) Using the interest assumptions described in Table I of appendix B to part 4044 of this chapter;
(b) Using the mortality assumptions described in § 4281.14;
(c) Using interpolation methods, where necessary, at least as accurate as linear interpolation;
(d) Applying valuation formulas that accord with generally accepted actuarial principles and practices; and
(e) Adjusting the values to reflect the loading for expenses in accordance with appendix C to part 4044 of this chapter (substituting the term “benefits” for the term “benefit liabilities (as defined in 29 U.S.C. §1301(a)(16))”).

§ 4281.14 Mortality assumptions.

(a) General rule. Subject to paragraph (b) of this section (regarding certain death benefits), the plan administrator shall use the mortality factors prescribed in paragraphs (c), (d), (e), and (f) of this section to value benefits under § 4281.13.

(b) Certain death benefits. If an annuity for one person is in pay status on the valuation date, and if the payment of a death benefit after the valuation date to another person, who need not be identifiable on the valuation date, depends in whole or in part on the death of the pay status annuitant, then the plan administrator shall value the death benefit using—

(1) The mortality rates that are applicable to the annuity in pay status under this section to represent the mortality of the pay status annuitant; and
(2) The mortality rates applicable to annuities not in pay status and to deferred benefits other than annuities, under paragraph (c) of this section, to represent the mortality of the death beneficiary.

(c) Mortality rates for healthy lives. The mortality rates applicable to annuities in pay status on the valuation date that are not being received as disability benefits, to annuities not in pay status on the valuation date, and to deferred benefits other than annuities, are—

(1) For male participants, the rates in Table 1 of Appendix A to part 4044 of this chapter projected from 1994 to the calendar year in which the valuation date occurs plus 10 years using Scale AA from Table 2 of Appendix A to part 4044 of this chapter; and
(2) For female participants, the rates in Table 3 of Appendix A to part 4044 of this chapter projected from 1994 to the calendar year in which the valuation date occurs plus 10 years using Scale AA from Table 4 of Appendix A to part 4044 of this chapter.

(d) Mortality rates for disabled lives (other than Social Security disability). The mortality rates applicable to annuities in pay status on the valuation date that are being received as disability benefits and for which neither eligibility for, nor receipt of, Social Security disability benefits is a prerequisite, are—

(1) For male participants, the lesser of—
(i) The rate determined from Table 1 of Appendix A to part 4044 of this chapter projected from 1994 to the calendar year in which the valuation date occurs plus 10 years using Scale AA from Table 2 of Appendix A to part 4044 of this chapter and setting the resulting table forward three years, or
(ii) The rate in Table 5 of Appendix A to part 4044 of this chapter.
(2) For female participants, the lesser of—
(i) The rate determined from Table 3 of Appendix A to part 4044 of this chapter projected from 1994 to the calendar year in which the valuation date occurs plus 10 years using Scale AA from Table 4 of Appendix A to part 4044 of this chapter and setting the resulting table forward three years, or