APPENDIX A TO PART 4050—EXAMPLES OF DESIGNATED BENEFIT DETERMINATIONS FOR MISSING PARTICIPANTS UNDER §4050.5 IN PLANS WITH DEEMED DISTRIBUTION DATES ON AND AFTER AUGUST 17, 1998

The calculation of the designated benefit under §4050.5 is illustrated by the following examples.

Example 1. Plan A provides that any participant whose benefit has a value at distribution of $5,500 or less will be paid a lump sum, and that no other lump sums will be paid. P, Q, and R are missing participants.

(1) As of the deemed distribution date, the value of P’s benefit is $3,000 under plan A’s assumptions. Under §4050.5(a)(1), the plan administrator pays the PBGC $3,000 as P’s designated benefit.

(2) As of the deemed distribution date, the value of Q’s benefit is $5,200 under plan A’s assumptions and $4,700 under the missing participant lump sum assumptions. Under §4050.5(a)(2), the plan administrator pays the PBGC $4,700 as Q’s designated benefit.

(3) As of the deemed distribution date, the value of R’s benefit is $4,900 under plan A’s assumptions, $3,600 under the missing participant lump sum assumptions, and $4,950 under the missing participant annuity assumptions. Under §4050.5(a)(3), the plan administrator pays the PBGC $4,950 as R’s designated benefit.

Example 2. Plan B provides for a normal retirement age of 65 and permits early commencement of benefits at any age between 60 and 65, with benefits reduced by 5 percent for each year before age 65 that the benefit begins. The qualified joint and 50 percent survivor annuity commencing at age 60. (Because a new spouse may succeed to the survivor benefit, the mortality of the spouse during the deferred period is ignored.) Thus, without adjustments for expenses, the value of the benefit beginning at age 60 is $41,056 (12 × 3430 × .4307). The designated benefit is equal to this value plus an expense adjustment of $300, or a total of $41,356.

APPENDIX B TO PART 4050—EXAMPLES OF BENEFIT PAYMENTS FOR MISSING PARTICIPANTS UNDER §§4050.8 THROUGH 4050.10

The provisions of §§4050.8 through 4050.10 are illustrated by the following examples.

Example 1. Participant M from Plan B (see Example 2 in Appendix A of this part) is located. M’s spouse is ten years younger than M. M elects to receive benefits in the form of a joint and 50 percent survivor annuity commencing at age 62. M’s designated benefit was $41,356. The unloaded designated benefit was $41,056. As of Plan B’s deemed distribution date (and using the missing participant annuity assumptions), the present value per dollar of annual benefit (payable monthly as a joint and 50 percent survivor annuity commencing at age 62 and reflecting the actual age of M’s spouse is $4.7405. Thus, the monthly benefit to M at age 62 is $722 ($41,056 / (4.7405 × 12)). M’s spouse will receive $361 (50 percent of $722) per month for life after the death of M.

(1) If M had instead been found to have died on or after the deemed distribution date, and M’s spouse wanted benefits to commence when M would have attained age 62, the same calculation would be performed to arrive at a monthly benefit of $361 to M’s spouse.

Example 2. Participant P is a missing participant from Plan C, a plan that allows elective lump sums upon plan termination. Plan C’s administrator pays a designated benefit of $10,000 to the PBGC on behalf of P, who was age 30 on the deemed distribution date.