in accordance with 10 CFR 20.2001(a)(2); and

(3) After the drug product DaTscan™ is no longer considered low-level radioactive waste, the DEA-registered distributor shall dispose of all unused DaTscan™ in accordance with 21 CFR part 1317.

(j) The exemptions specified in this section are not applicable to the drug product DaTscan™ if there are any changes in the quantitative or qualitative composition of the preparation or mixture after the date of this regulation, or change in the trade name or other designation of the drug product DaTscan™.

Dated: November 18, 2014.

Joseph T. Rannazzisi,
Deputy Assistant Administrator.

[FR Doc. 2014–27917 Filed 11–24–14; 8:45 am]

BILLING CODE 4410–09–P

PENSION BENEFIT GUARANTY CORPORATION

29 CFR Parts 4001, 4022, and 4044

RIN 1212–AB23

Title IV Treatment of Rollovers From Defined Contribution Plans to Defined Benefit Plans

AGENCY: Pension Benefit Guaranty Corporation.

ACTION: Final rule.

SUMMARY: In April 2014, PBGC proposed to amend its regulations to clarify the treatment of benefits resulting from a rollover distribution from a defined contribution plan to a defined benefit plan, if the defined benefit plan was terminated and trusted by PBGC. Under the proposal, a benefit resulting from rollover amounts generally would not be subject to PBGC’s maximum guaranteeable benefit or phase-in limitations and would be in the second highest priority category of benefits in the allocation of assets. PBGC is now finalizing that proposal. Except for making minor clarifications suggested by commenters, the final regulation is the same as the proposed regulation. This rulemaking is part of PBGC’s efforts to enhance retirement security by promoting lifetime income options.

DATES: Effective December 26, 2014. See Applicability in SUPPLEMENTARY INFORMATION.

FOR FURTHER INFORMATION CONTACT:
Catherine B. Klion (klion.catherine@pbgc.gov), Assistant General Counsel, Office of the General Counsel, Pension Benefit Guaranty Corporation, 1200 K Street NW., Washington, DC 20005–4026; 202–326–4024. (TTY and TDD users may call the Federal relay service toll free at 1–800–877–8339 and ask to be connected to 202–326–4024.)

SUPPLEMENTARY INFORMATION:

Executive Summary

Purpose of the Regulatory Action

This regulatory action is needed to provide guidance on treatment of benefits resulting from a rollover distribution from a defined contribution plan to a defined benefit plan, where the defined benefit plan is terminated and trusted by the Pension Benefit Guaranty Corporation (PBGC).

Legal authority for this action comes from section 4002(b)(3) of the Employee Retirement Income Security Act of 1974 (ERISA), which authorizes PBGC to issue regulations to carry out the purposes of Title IV of ERISA, section 4022 of ERISA (Single-Employer Plan Benefits Guaranteed), and section 4044 of ERISA (Allocation of Assets).

Major Provisions of the Regulatory Action

Under the final regulation, a benefit resulting from rollover amounts generally will be in the second highest priority category among various classes of benefits in the allocation of assets and generally will not be subject to PBGC’s maximum guaranteeable benefit or phase-in limitations.

Background

PBGC administers the single-employer pension plan termination insurance program under Title IV of ERISA. The program covers private-sector, single-employer defined benefit plans, for which premiums are paid to PBGC each year. Covered plans that are underfunded may terminate in a distress termination under section 4041(c) of ERISA or in an involuntary termination (one initiated by PBGC) under section 4042 of ERISA. When such a plan terminates, PBGC typically is appointed statutory trustee of the plan, and becomes responsible for paying benefits in accordance with the provisions of Title IV. At times, plans trusted by PBGC include contributions made by employees that fund part of the benefit under the plan.

Mandatory Contributions

A plan may be funded in whole or in part by mandatory contributions. Under section 4044(b)(6) of ERISA, the term “mandatory contributions” means amounts contributed to the plan by a participant that are required as a condition of employment, as a condition of participation in such plan, or as a condition of obtaining benefits under the plan attributable to employer contributions.

Typically, mandatory employee contributions are required under the plan as a percentage of the employee’s compensation. They are withheld from the salary of the employee by the employer and deposited to the employee’s credit in the defined benefit plan on an after-tax basis. Such mandatory employee contributions have generally been used to fund a portion of the participant’s accrued benefit as determined under the plan’s benefit formula and are required in order to receive the portion of the accrued benefit derived from employer contributions.

Section 411(c)(2)(B) of the Code 2 provides that, in the case of a defined benefit plan, the accrued benefit derived from mandatory employee contributions is equal to the employee’s contributions accumulated to normal retirement age using specified rates under section 411(c)(2)(C), and converted to an actuarially equivalent annuity commencing at normal retirement age, using an interest rate under section 417(e)(3) of the Code as of the determination date. Section 411(c)(1) of the Code provides that an employee’s accrued benefit derived from employer contributions as of any date is the excess, if any, of the accrued benefit for the employee as of that date over the accrued benefit derived from contributions made by the employee as of that date.

PBGC Treatment of Mandatory Employee Contributions in Terminated Plans

When a plan terminates in a distress termination or an involuntary termination, each participant’s plan benefit is assigned to one or more of six “priority categories” that are described in paragraphs (1) through (6) of section 4044(a) of ERISA. 3 Participants’ accrued

1 Generally, contributions by employees to defined benefit plans (whether mandatory or voluntary) are not deductible for federal income tax purposes.

2 See also ERISA section 204(c)(2)(B). References to the Code in this preamble should be read to include the parallel provision under ERISA.

3 Plan assets must be allocated to each priority category in succession, beginning with priority category one (PC1). The benefits assigned to each priority category under section 4044 of ERISA in general are as follows:

• PC1: The portion of a participant’s accrued benefit derived from the participant’s voluntary contributions.

• PC2: The portion of a participant’s accrued benefit derived from the participant’s mandatory contributions.
benefits derived from mandatory employee contributions are assigned to PC2. Because benefits in PC2 have a higher claim on plan assets than nearly all other benefits under the plan, when an underfunded plan terminates, plan assets are usually (but not always) sufficient to pay accrued benefits derived from mandatory employee contributions.

Although PBGC generally pays benefits only in annuity form, PBGC’s regulations allow a return of mandatory employee contributions in a single installment (or a series of installments), provided certain conditions are met (see § 4022.7(b)(2)).

Rollover Benefits Under the Code and Treasury/IRS Guidance

Section 401(a)(31) of the Code requires a qualified plan to permit a distributee of any eligible rollover distribution to elect a direct rollover of any part of the distribution to an eligible retirement plan. Section 402(c) of the Code permits an individual receiving an eligible rollover distribution from a qualified plan to elect to roll over any portion of that distribution within a specified time to an eligible retirement plan that accepts the rollover (including a defined benefit plan).

On February 21, 2012, the Department of the Treasury (Treasury) and the Internal Revenue Service (IRS) issued Rev. Rul. 2012–4,4 which clarified certain qualification requirements under section 401(a) of the Code for use of rollover amounts to provide an additional benefit under a defined benefit plan. Under the facts of the example provided in Rev. Rul. 2012–4, a qualified defined benefit plan provides that it will accept a direct rollover of a distribution from a qualified defined contribution plan maintained by the same employer for an employee or former employee of the employer who separates from service after age 55 with at least ten years of service and elects to commence an immediate annuity of the employee’s benefit under the plan (including the additional benefit resulting from the direct rollover).

Rev. Rul. 2012–4 treats the amounts rolled over as mandatory employee contributions for purposes of section 411(c) of the Code. The revenue ruling further provides that, if the plan provided an annuity with respect to the rollover in excess of the amount determined under the rules of section 411(c) of the Code, such as by using a more favorable actuarial conversion basis than required by those rules, the portion of the benefit resulting from the rollover amounts that exceeded the benefit derived from mandatory employee contributions as determined under section 411(c)(2) of the Code would be subject to the requirements applicable to a benefit attributable to employer contributions. The revenue ruling states that in this case, the liability for the total benefit resulting from the rollover (including the portion of the additional benefit considered to be derived from employer contributions because it exceeds the amount determined under section 411(c)(2)(B)) would likely exceed the amounts rolled over, which means that the employer will become responsible for additional funding costs.

Rev. Rul. 2012–4 states (in footnote 1) that PBGC is developing guidance on the Title IV treatment of benefits under a defined benefit plan resulting from a rollover. This final rule is that guidance.5

PBGC is amending its regulations to provide guidance on Title IV treatment of rollovers, both in anticipation of increased use of rollovers, and as part of its efforts to promote retirement security. The availability of a rollover of a participant’s retirement savings in a 401(k) or other defined contribution plan to a defined benefit plan expands the opportunities for participants to elect lifetime annuity options.

Proposed Rule

On April 2, 2014 (at 79 FR 18483), PBGC published a proposed rule on Title IV treatment of rollovers. PBGC received comments from the American Federation of Labor and Congress of Industrial Organizations (AFL–CIO), the American Council of Life Insurers (ACLI), and AARP.6 The commenters all supported the proposed rule and PBGC’s efforts to promote lifetime income options.

In response to the comments, the final regulation makes the following clarifications:

- The amendments in this final rule apply only to rollovers from defined contribution plans. See § 4001.2 (definition of rollover amounts).
- Rollover amounts include both salary deferral contributions made by the participant, any additional employer contributions provided for under the defined contribution plan, and earnings on both. See § 4001.2 (definition of rollover amounts).
- The annuity benefit resulting from a rollover amount is a pension benefit (and thus guaranteeable). See § 4022.2 (definition of pension benefit).

Except for these clarifications, the final regulation is the same as the proposed regulation.

Overview of Final Regulation

PBGC is amending its regulations on Benefits Payable in Terminated Single-Employer Plans (29 CFR part 4022) and Allocation of Assets in Single-Employer Plans (29 CFR part 4044). The amendments establish or clarify the rules for treatment of rollovers from a defined contribution plan to a defined benefit plan, when the defined benefit plan later terminates in an underfunded status. Following are the most important changes:

- A benefit resulting from rollover amounts will be treated as an accrued benefit derived from mandatory employee contributions in PC2 (which has a higher claim on plan assets than nearly all other benefits under the plan), to the extent that the benefit is determined using the rules of Code section 411(c)(2)(B).
- Unlike other PC2 benefits, a PC2 benefit resulting from rollover amounts will generally not be payable in lump sum form.
- The portion of a benefit resulting from rollover amounts that exceeds the accrued benefit derived from mandatory employee contributions (i.e., the portion derived from employer contributions) will be a guaranteed benefit in PC3, PC4, or PC5, as applicable.
- A participant’s accrued benefit resulting from rollover amounts generally will not be subject to PBGC’s maximum guaranteeable benefit limitation under section 4022(b) of ERISA and thus will not be taken into

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5 The facts of the example in Rev. Rul. 2012–4 involve an employee who separates from service after age 55 with at least ten years of service and elects to commence an immediate annuity and rolls over a benefit from a defined contribution plan to a defined benefit plan maintained by the same employer. However, rollovers are permitted in broader circumstances. This final rule is not limited to the facts in the example.

6 The comments can be found at http://www.pbgc.gov/documents/Comments-to-PBGC-on-Title-IV-Rollover-Treatment.pdf.
account in applying that limitation. However, the maximum guaranteeable benefit limitation will apply to any benefit resulting from a rollover amount that exceeds the accrued benefit treated as derived from mandatory employee contributions (i.e., the accrued benefit attributable to employer contributions).

- A participant’s accrued benefit resulting from rollover amounts generally will not be subject to the five-year phase-in limitation on the guarantee of benefit increases. However, the phase-in limitation will apply to any benefit resulting from a rollover amount that exceeds the accrued benefit treated as derived from mandatory employee contributions, with the phase-in period beginning as of the date the rollover contribution was received by the plan. A detailed discussion of the final regulation follows.

**Regulatory Changes**

**Guaranteed Benefits**

Under section 4022 of ERISA, PBGC guarantees the payment of all nonforfeitable benefits provided by a plan, subject to two principal statutory limitations—the maximum guaranteeable benefit limitation and the five-year phase-in limitation.

The amount of the maximum monthly guarantee is set by law and is updated each calendar year. The maximum guaranteeable benefit applicable to a plan is fixed as of that plan’s termination date. Under the Pension Protection Act of 2006, if a plan terminates during a plan sponsor’s bankruptcy and the sponsor entered bankruptcy on or after September 16, 2006, the maximum guaranteeable benefit is fixed as of the date the sponsor entered bankruptcy.

The five-year phase-in limitation generally applies to a benefit increase that has been in effect for less than five years. Generally, 20 percent of a benefit increase is guaranteed after one year, 40 percent after two years, etc., with full phase-in of the guarantee after five years. If the amount of the monthly benefit increase is below $100, the annual rate of phase-in is $20 rather than 20 percent. For this purpose, a benefit increase resulting from a plan amendment is deemed to be in effect on the later of the amendment’s adoption date or its effective date.

Historically, PBGC has interpreted the statutory limitations to apply to the participant’s total nonforfeitable accrued benefit under a plan, including that portion of the benefit funded by traditional mandatory employee contributions. In the case of rollover amounts, however, PBGC will exempt from these limitations the accrued benefit derived from mandatory employee contributions determined under the rules of Code section 411(c)(2)(B). The exemption will not apply to any benefit resulting from rollover amounts that exceed the accrued benefit derived from mandatory employee contributions (i.e., the accrued benefit attributable to employer contributions).

Rollovers can help preserve participants’ retirement savings until retirement. They provide a valuable means for participants to withdraw their benefits from one retirement plan and contribute them to another. PBGC believes that rollovers to defined benefit plans may provide lifetime-annuity protection at a competitive cost. Consistent with the Administration’s initiative on retirement security, PBGC wants to eliminate impediments to this form of annuitization of distributions from defined contribution plans by providing assurances to participants that their benefits attributable to rollovers to a defined benefit plan will largely be protected from the limitations that might otherwise apply if the plan terminates and is trusted by PBGC.

There are a number of reasons why PBGC views benefits resulting from the portion of rollover amounts treated as mandatory employee contributions differently from other benefits under a plan. Unlike other mandatory employee contributions, rollover benefits require an affirmative election by the participant to roll over a pension distribution to obtain an additional annuity from a defined benefit plan. If the benefit resulting from rollover amounts caused a participant’s total benefit under the plan to exceed PBGC’s maximum guaranteeable benefit, participants might be reluctant to roll over benefits from defined contribution plans to defined benefit plans. Applying the five-year phase-in limitation to benefits resulting from rollover amounts similarly might make rollovers unattractive.

The limitations on PBGC’s guarantee were designed to protect the pension insurance system from risk of loss. But rollovers do not present the same risk of loss to the insurance program as other benefits. A benefit derived from rollover amounts treated as mandatory employee contributions is considered under Rev. Rul. 2012–4 to be actuarially equivalent to the rollover amounts received by the defined benefit plan. Therefore, although a plan accepting a rollover benefit is subject to all additional benefits, it simultaneously receives additional funds of equivalent value.

That is not true for most new benefit accruals. Accordingly, it is a reasonable statutory interpretation to exempt from the maximum guaranteeable benefit and phase-in limitations a benefit resulting from rollover amounts that does not exceed the accrued benefit treated as derived from mandatory employee contributions.

In accordance with PBGC’s statutory interpretation, the final rule amends § 4022.22 to exempt the rollover benefit amount derived from mandatory employee contributions from the maximum guaranteeable benefit limitation. Thus, PBGC will exclude that amount from its determination of the participant’s maximum guaranteeable benefit. However, any rollover benefit in excess of the portion of such benefit derived from mandatory employee contributions (i.e., any portion of the rollover benefit derived from employer contributions) will be combined with the annuity otherwise payable under the plan in determining the participant’s maximum guaranteeable benefit.

Similarly, the final rule amends § 4022.24 to exempt a participant’s rollover benefit derived from mandatory employee contributions from the five-year phase-in limitation. The five-year phase-in limitation will, however, apply to the portion of any rollover benefit derived from employer contributions, with that benefit portion deemed to be in effect on the date the rollover amounts were received by the plan. PBGC’s regulations provide for a third guarantee limitation, the “accrued-at-normal” limitation, which restricts PBGC’s guarantee of temporary supplements. Under § 4022.21, PBGC’s guarantee cannot exceed the accrued benefit payable as a straight life annuity at normal retirement age. PBGC will include the annuity attributable to rollover amounts in the determination of the accrued-at-normal limitation, which will increase the limitation against which the participant’s entire benefit is measured, and will apply the accrued-at-normal limitation to the entire benefit, including rollover amounts. This will generally have the effect of increasing the participant’s guaranteeable benefit.

**Form of Payment**

Before being amended by this final rule, PBGC’s regulation provided for the return of mandatory employee contributions in a single installment (or a series of installments) if a participant, or a beneficiary of a pre-retirement death benefit, so elected in accordance with the plan’s provisions. If a participant (or a surviving spouse)
PBGC will determine whether a payment was de minimis (currently $5,000 or less under § 4022.7(b)(1)(i)) and, if so, will base the amount of the payment on the lump sum value of the participant’s total benefit payable by PBGC (the benefit resulting from rollover amounts combined with the benefit excluding rollover amounts).

Allocation of Assets
The final rule also amends PBGC’s asset allocation regulation to set forth rules for PBGC treatment of rollover benefits when a defined benefit plan terminates with insufficient assets to pay all benefits.

New §§ 4044.12(b)(4) and (c)(4) describe the calculation of a participant’s total annuity benefit resulting from rollover amounts. For participants and beneficiaries not yet in pay status as of the termination date, the rollover amounts will be credited with interest payable under plan provisions to the plan’s termination date, and converted to an annuity benefit payable at the normal retirement age using the plan’s interest rates and conversion factors in effect as of the plan’s termination date for the conversion of such rollover amounts.

Under the final regulation, the portion of a participant’s accrued benefit resulting from rollover amounts derived from mandatory employee contributions will be determined using the rules of section 411(c)(2) as a benefit derived from a defined benefit plan to offer a subsidy for purposes of assigning the benefits to the priority categories under part 4044. The annuity benefit derived from employer contributions will be a guaranteeable benefit in PC3, PC4, or PC5, as applicable, because it is a nonforfeitable benefit (i.e., a benefit for which the participant has satisfied all plan conditions for entitlement as of the plan’s termination date). Under section 4022(a) of ERISA, PBGC is required to guarantee all nonforfeitable benefits provided by a plan, subject to the limitations contained in section 4022(b).

Applicability
The amendments made by this final rule will apply to terminations initiated on or after December 26, 2014.

Compliance With Rulemaking Requirements
Executive Order 12866 “Regulatory Planning and Review” and Executive Order 13563 “Improving Regulation and Regulatory Review”

This final rule is not a “significant regulatory action” under Executive Order 12866.

Executive Orders 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules,
of promoting flexibility. Executive Orders 12866 and 13563 require a comprehensive regulatory impact analysis be performed for any economically significant regulatory action, defined as an action that would result in an annual effect of $100 million or more on the national economy or which would have other substantial impacts. In accordance with OMB Circular A–4, PBGC has examined the economic and policy implications of this final rule and has concluded that the action’s benefits justify its costs. Under Section 3(o)(1) of Executive Order 12866, a regulatory action is economically significant if “it is likely to result in a rule that may... have an annual effect on the economy of $100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities.” PBGC has determined that this final rule does not cross the $100 million threshold for economic significance and is not otherwise economically significant.

PBGC estimates that the annual economic impact of this final rule will be about $11,000,000. This is the amount PBGC estimates that participants who roll over benefits from defined contribution plans to defined benefit plans that subsequently terminate and are trusted by PBGC in aggregate would gain (and PBGC would lose), as a result of the regulatory change to exclude from the maximum guaranteed benefit and phase-in limitations any benefit resulting from rollover amounts that does not exceed the accrued benefit derived from mandatory employee contributions. Since IRS has only recently provided guidance to defined benefit plans on calculating rollover amounts, PBGC has no historic data to draw upon in developing this estimate. Accordingly, PBGC made conservative assumptions based on its judgment about such factors as how many defined benefit plans would allow rollovers from defined contribution plans and how many participants in such plans would roll over benefits from defined contribution plans.

Although it is difficult to predict with any certainty the annual economic impact of the regulatory action, given that the estimate is so far below $100 million, PBGC has determined that the annual economic impact of the final rule will be less than $100 million.

Regulatory Flexibility Act
The Regulatory Flexibility Act imposes certain requirements with respect to rules that are subject to the notice and comment requirements of section 553(b) of the Administrative Procedure Act and that are likely to have a significant economic impact on a substantial number of small entities. Unless an agency determines that a proposed or final rule is not likely to have a significant economic impact on a substantial number of small entities, section 603 of the Regulatory Flexibility Act requires that the agency present an initial regulatory flexibility analysis at the time of the publication of the rule describing the impact of the rule on small entities and seeking public comment on such impact. Small entities include small businesses, organizations and governmental jurisdictions.

For purposes of the Regulatory Flexibility Act requirements with respect to this final rule, PBGC considers a small entity to be a plan with fewer than 100 participants. This criterion is consistent with certain requirements in Title I of ERISA and the Internal Revenue Code, as well as the definition of a small entity that the Department of Labor has used in similar circumstances for purposes of the Regulatory Flexibility Act.

Further, while some large employers that terminate plans may have small plans that terminate along with larger ones, in general most small plans are maintained by small employers. Thus, PBGC believes that assessing the impact of the final rule on small plans is an appropriate substitute for evaluating the effect on small entities. The definition of small entity considered appropriate for this purpose differs, however, from a definition of small business based on size standards promulgated by the Small Business Administration (13 CFR 121.201) pursuant to the Small Business Act. Therefore, in the proposed rule, PBGC requested comments on the appropriateness of the size standard used in evaluating the impact on small entities of the amendments to the benefit payments regulation. No comments were received on this point.

On the basis of this definition of small entity, PBGC certifies under section 605(b) of the Regulatory Flexibility Act (5 U.S.C. 601 et seq.) that the amendments in this final rule will not have a significant economic impact on a substantial number of small entities. Virtually all, if not all, of the effect of this final rule will be on PBGC or persons who receive benefits from PBGC. Accordingly, as provided in section 605 of the Regulatory Flexibility Act (5 U.S.C. 601 et seq.), sections 603 and 604 do not apply.

List of Subjects
29 CFR Part 4001
Pensions.
29 CFR Part 4022
Pension insurance, Pensions.
29 CFR Part 4044
Pension insurance, Pensions.
For the reasons given above, PBGC is amending 29 CFR parts 4001, 4022, and 4044 as follows.

PART 4001—TERMINOLOGY
■ 1. The authority citation for part 4001 continues to read as follows:
■ 2. In § 4001.2, add a definition for “rollover amounts” in alphabetical order to read as follows:
§ 4001.2 Definitions.
* * * * *
Rollover amounts means the dollar amount of all or any part of a distribution that is rolled over from a defined contribution plan into a defined benefit plan in accordance with section 401(a)(31) or 402(c) or similar provisions under the Internal Revenue Code. Rollover amounts include salary deferral contributions made by the participant, any additional employer contributions provided for under the defined contribution plan, and earnings on both.
* * * * *

PART 4022—BENEFITS PAYABLE IN TERMINATED SINGLE-EMPLOYER PLANS
■ 3. The authority citation for part 4022 continues to read as follows:
Authority: 29 U.S.C. 1302, 1322, 1322(b), 1341(c)(3)(D), and 1344.

§ 4022.2 [Amended]
■ 4. In § 4022.2, the definition of “pension benefit” is amended by adding at the end “An annuity benefit resulting from a rollover amount is a pension benefit.”
■ 5. Amend § 4022.7 as follows:
a. In paragraph (b)(2)(i), add the phrase “except as provided in paragraph (b)(2)(iii) of this section,” after the words “Notwithstanding any other provision of this part,”;
■ b. Add paragraph (b)(2)(iii); and
■ c. Revise paragraph (c)(2).
The addition and revision read as follows:
§ 4022.7 Benefits payable in a single installment.
* * * * *
(b) * * *
(2) * * *
(iii) Rollover amounts. The rule in paragraph (b)(2) of this section (dealing with return of employee contributions) does not apply to a participant’s accumulated mandatory employee contributions resulting from rollover amounts (as determined under §4044.12(c)(4)(i) of this chapter) or the benefit derived from such mandatory employee contributions.

(c) * * *

(2) Exception. Except in the case of accumulated mandatory employee contributions resulting from rollover amounts (as determined under §4044.12(c)(4)(i) of this chapter), upon the death of a participant the PBGC may pay in a single installment (or a series of installments) that portion of the participant’s accumulated mandatory employee contributions that is payable under the plan in a single installment (or a series of installments) upon the participant’s death.

6. In §4022.8, add paragraph (f) to read as follows:

§4022.8 Form of payment.

(f) Rollover amounts. The annuity benefit resulting from rollover amounts (as determined under §4044.12(c)(4)(i) of this chapter) is combined with any other benefit under the plan and paid in the same form and at the same time as the other benefit.

7. In §4022.22, add paragraph (d) to read as follows:

§4022.22 Maximum guaranteeable benefit.

(d) Rollover amounts. Any portion of a benefit derived from mandatory employee contributions resulting from rollover amounts (as determined under §4044.12(c)(4)(i) of this chapter) is disregarded in applying the provisions of §§4022.22 and 4022.23. However, any portion of a benefit derived from employer contributions resulting from rollover amounts (as determined under §4044.12(c)(4)(ii) of this chapter) is combined with any other benefit under the plan for purposes of determining the maximum guaranteeable benefit under §§4022.22 and 4022.23. For example, assume that a participant has an $80,000 total annual plan benefit at age 65, of which $15,000 is derived from mandatory employee contributions resulting from rollover amounts and $5,000 is derived from employer contributions resulting from rollover amounts. The $15,000 benefit derived from employee contributions resulting from rollover amounts would be excluded in the determination of the participant’s maximum guaranteeable amount. The participant’s remaining $65,000 benefit (including the $5,000 benefit derived from employer contributions resulting from rollover amounts) would be subject to the maximum guaranteeable benefit limitation. Assuming the plan terminated in 2014, the participant’s maximum guaranteeable benefit of approximately $59,000 for a straight life annuity at age 65 would effectively be increased by the $15,000 benefit derived from employer contributions resulting from rollover amounts, resulting in total guaranteeable benefits of approximately $74,000. (The maximum guaranteeable benefit limitation would apply to the participant’s benefit derived from employer contributions; as a result, $6,000 of the participant’s benefit derived from employer contributions would not be guaranteed by PBGC.)

8. In §4022.24, add paragraph (g) to read as follows:

§4022.24 Benefit increases.

(g) Rollover amounts. Any portion of a benefit derived from mandatory employee contributions resulting from rollover amounts (as determined under §4044.12(c)(4)(i) of this chapter) is disregarded in applying the provisions of §§4022.24 through 4022.26. However, any portion of a benefit derived from employer contributions resulting from rollover amounts (as determined under §4044.12(c)(4)(ii) of this chapter) is combined with any other benefit under the plan in applying the provisions of §§4022.24 through 4022.26. In such case, the benefit increase is deemed to be in effect on the date the rollover amounts are received by the plan.

PART 4044—REALLOCATION OF ASSETS IN SINGLE-EMPLOYER PLANS

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

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

10. In 4044.12, paragraphs (b)(4) and (c)(4) are added to read as follows:

§4044.12 Priority category 2 benefits.

(b) * * *

(4) Rollover amounts. In the case of a benefit resulting from rollover amounts, notwithstanding the provisions of paragraph (b)(2) of this section, the interest rates and conversion factors in paragraph (c)(4) of this section are used to determine the portion of the accrued benefit derived from the employee’s contributions and, if any, the portion of the accrued benefit derived from employer contributions.

(c) * * *

(4) Special rules for benefit resulting from rollover amounts. (i) Mandatory employee contributions. Notwithstanding paragraphs (c)(1) through (3) of this section, in the case of a benefit resulting from rollover amounts, the accrued benefit derived from mandatory employee contributions is determined using the interest rates and conversion factors under section 411(c)(2)(B) and (C) of the Code for purposes of computing an employee’s accrued benefit derived from the employee’s contributions. The annuity benefit and the pre-retirement death benefit, as determined on this basis, is the benefit resulting from rollover amounts in priority category 2.

(ii) Employer contributions. Any portion of a participant’s accrued benefit resulting from rollover amounts that is in excess of the accrued benefit derived from mandatory employee contributions determined in accordance with paragraph (c)(4)(i) of this section (i.e., the accrued benefit derived from employer contributions) is a guaranteeable benefit in priority category 3, priority category 4, or priority category 5, as applicable under this part.

Issued in Washington, DC, this 18 day of November, 2014.

Alice C. Maroni,
Acting Director, Pension Benefit Guaranty Corporation.

[FR Doc. 2014–27826 Filed 11–24–14; 8:45 am]

BILLING CODE 7709–02–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52


Approval and Promulgation of Air Quality Implementation Plans; Maryland: Prevention of Significant Deterioration

AGENCY: Environmental Protection Agency.

ACTION: Direct final rule.

SUMMARY: The Environmental Protection Agency (EPA) is taking direct final action to approve revisions to the Maryland State Implementation Plan (SIP). The revisions incorporate by