

see § 1.1312–7 as contained in 26 CFR part 1 revised as of April 1, 2016.

John Dalrymple,
Deputy Commissioner for Services and Enforcement.

Approved: November 11, 2016.

Mark J. Mazur,
Assistant Secretary of the Treasury (Tax Policy).

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PENSION BENEFIT GUARANTY CORPORATION

29 CFR Part 4022

Benefits Payable in Terminated Single-Employer Plans; Interest Assumptions for Paying Benefits

AGENCY: Pension Benefit Guaranty Corporation.

ACTION: Final rule.

SUMMARY: This final rule amends the Pension Benefit Guaranty Corporation's regulation on Benefits Payable in Terminated Single-Employer Plans to prescribe interest assumptions under the regulation for valuation dates in February 2017. The interest assumptions are used for paying benefits under terminating single-employer plans covered by the pension insurance system administered by PBGC.

DATES: Effective February 1, 2017.

FOR FURTHER INFORMATION CONTACT: Deborah C. Murphy (*Murphy.Deborah@pbgc.gov*), Assistant General Counsel for Regulatory Affairs, Pension Benefit Guaranty Corporation, 1200 K Street NW., Washington, DC 20005, 202–326–4400 ext. 3451. (TTY/TDD users may call the Federal relay service toll-free at

1–800–877–8339 and ask to be connected to 202–326–4400 ext. 3451.)

SUPPLEMENTARY INFORMATION: PBGC's regulation on Benefits Payable in Terminated Single-Employer Plans (29 CFR part 4022) prescribes actuarial assumptions—including interest assumptions—for paying plan benefits under terminating single-employer plans covered by title IV of the Employee Retirement Income Security Act of 1974. The interest assumptions in the regulation are also published on PBGC's Web site (*http://www.pbgc.gov*).

PBGC uses the interest assumptions in Appendix B to Part 4022 to determine whether a benefit is payable as a lump sum and to determine the amount to pay. Appendix C to Part 4022 contains interest assumptions for private-sector pension practitioners to refer to if they wish to use lump-sum interest rates determined using PBGC's historical methodology. Currently, the rates in Appendices B and C of the benefit payment regulation are the same.

The interest assumptions are intended to reflect current conditions in the financial and annuity markets. Assumptions under the benefit payments regulation are updated monthly. This final rule updates the benefit payments interest assumptions for February 2017.¹

The February 2017 interest assumptions under the benefit payments regulation will be 1.25 percent for the period during which a benefit is in pay status and 4.00 percent during any years preceding the benefit's placement in pay status. In comparison with the interest assumptions in effect for January 2017, these interest assumptions are unchanged.

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 determine and issue new interest assumptions promptly so that the assumptions can reflect current market conditions as accurately as possible.

Because of the need to provide immediate guidance for the payment of benefits under plans with valuation dates during February 2017, PBGC finds that good cause exists for making the assumptions set forth in this amendment effective less than 30 days after publication.

PBGC has determined that this action is not a “significant regulatory action” under the criteria set forth in Executive Order 12866.

Because no general notice of proposed rulemaking is required for this amendment, the Regulatory Flexibility Act of 1980 does not apply. See 5 U.S.C. 601(2).

List of Subjects in 29 CFR Part 4022

Employee benefit plans, Pension insurance, Pensions, Reporting and recordkeeping requirements.

In consideration of the foregoing, 29 CFR part 4022 is amended as follows:

PART 4022—BENEFITS PAYABLE IN TERMINATED SINGLE-EMPLOYER PLANS

■ 1. The authority citation for part 4022 continues to read as follows:

Authority: 29 U.S.C. 1302, 1322, 1322b, 1341(c)(3)(D), and 1344.

■ 2. In appendix B to part 4022, Rate Set 280, as set forth below, is added to the table.

Appendix B to Part 4022—Lump Sum Interest Rates For PBGC Payments

* * * * *

Rate set	For plans with a valuation date		Immediate annuity rate (percent)	Deferred annuities (percent)					
	On or after	Before		i_1	i_2	i_3	n_1	n_2	
*	*		*	*	*	*		*	
280	2–1–17	3–1–17	1.25	4.00	4.00	4.00	7	8	

■ 3. In appendix C to part 4022, Rate Set 280, as set forth below, is added to the table.

Appendix C to Part 4022—Lump Sum Interest Rates for Private-Sector Payments

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¹ Appendix B to PBGC's regulation on Allocation of Assets in Single-Employer Plans (29 CFR part 4044) prescribes interest assumptions for valuing

benefits under terminating covered single-employer plans for purposes of allocation of assets under

ERISA section 4044. Those assumptions are updated quarterly.

Rate set	For plans with a valuation date		Immediate annuity rate (percent)	Deferred annuities (percent)					
	On or after	Before		i_1	i_2	i_3	n_1	n_2	
*	*		*	*	*	*	*	*	*
280	2-1-17	3-1-17	1.25	4.00	4.00	4.00	7	8	

Issued in Washington, DC.

Deborah Chase Murphy,

Assistant General Counsel for Regulatory Affairs, Pension Benefit Guaranty Corporation.

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DEPARTMENT OF THE TREASURY

Fiscal Service

31 CFR Part 347

RIN 1530-AA13

Regulations Governing Retirement Savings Bonds

AGENCY: Bureau of the Fiscal Service, Fiscal Service, Treasury.

ACTION: Final rule.

SUMMARY: Currently, the Bureau of the Fiscal Service (Fiscal Service) of the United States Department of the Treasury (Treasury), issues nonmarketable, electronic retirement savings bonds to an individual retirement account (IRA) custodian designated by Fiscal Service to act as a custodian for Roth IRAs under Treasury's myRA[®] program. In this Final Rule, Treasury offers nonmarketable, electronic retirement savings bonds for certain retirement savings programs established by states or certain of their political subdivisions (states). The bonds will be issued to a trustee or custodian (custodian) of a Roth IRA or traditional IRA designated by a state under its retirement savings program (whether or not the program provides for automatic enrollment). Interest will be earned at a rate available to federal employees invested in the Government Securities Investment Fund (G Fund) of the federal Thrift Savings Plan.

This offering does not affect the terms of retirement savings bonds issued to the custodian of Treasury's retirement savings program, myRA[®], which are held in participants' Roth IRAs. More information on myRA[®] is available at www.myra.gov.

DATES: This Final Rule is effective January 19, 2017.

FOR FURTHER INFORMATION CONTACT:

Technical information: Gregory Till, myRA Bureau Director, at (202) 622-6970 or Gregory.Till@treasury.gov.

Legal information: Elizabeth Spears, Senior Counsel, at (304) 480-8647 or Lisa.Spears@fiscal.treasury.gov.

SUPPLEMENTARY INFORMATION:

I. Background

Approximately one third of private-sector employees in the United States lack access to a retirement savings plan through their employers.¹ To fill this gap, several states are establishing or considering establishing programs that will encourage employees to save for their retirement, including through individual retirement accounts into which employees are automatically enrolled and through other approaches (collectively referred to here as Auto-IRAs, whether or not they use automatic enrollment).² Under an Auto-IRA program, employee contributions are deposited into an IRA and invested in accordance with the design of the Auto-IRA program and the wishes of the participant. Generally, it is expected that an Auto-IRA program will offer a safe and low-cost investment option as an alternative to a risk-bearing diversified investment, such as a target date fund. In order to assist states in offering savers the option of a principal-protected investment, Fiscal Service will offer retirement savings bonds to state Auto-IRA programs. Fiscal Service reserves the right, however, to decline to issue retirement savings bonds to state Auto-IRA programs on a case-by-case basis, based on considerations such as the structure and reasonableness of associated fees, plans to control fees and expenses, whether participants have reasonable access to their funds, and oversight of providers designated to operate state Auto-IRA programs.

¹ National Compensation Survey, Bureau of Labor Statistics (July 2016), *Employee Benefits in the United States*—March 2016 (<http://www.bls.gov/news.release/pdf/ehs2.pdf>). These data show that 66 percent of 114 million private-sector workers have access to a retirement plan through their employers. By extension, approximately 34 percent of the 114 million private-sector workers (39 million) do not have access to a retirement plan through work.

² The Department of Labor has published regulations relating to state payroll deduction savings programs. 81 FR 59464 (Aug. 30, 2016) and 81 FR 92639 (Dec. 20, 2016).

II. Section-by-Section Analysis

Subpart A—General Information

Section 347.0 Offering of securities. This section is amended to offer retirement savings bonds to Auto-IRA custodians for certain state retirement savings programs.

Section 347.1 Applicability. This section is amended to include the Auto-IRA custodians for state retirement savings programs under this part.

Section 347.2 Official agencies. This section clarifies that Fiscal Service is responsible for issuing retirement savings bonds to the Auto-IRA custodians and that states are responsible for administering their own Auto-IRA retirement savings programs.

Section 347.3 Definitions. Several new definitions, including “Auto-IRA,” “state Auto-IRA program,” “IRA,” “Custodian,” “State,” and “Auto-IRA custodian” have been added for ease of reference in Subpart C—Auto-IRA Programs and minor changes have been made to some existing definitions.

Subpart B—Treasury's Retirement Savings Program

Miscellaneous changes have been made to the sections pertaining to retirement savings bonds issued to the custodian of Treasury's retirement savings program, myRA[®], which are held in participants' Roth IRAs. These changes, which were made to accommodate revised definitions and other minor or technical revisions, do not affect the terms of these bonds. See, e.g., §§ 347.10 through 347.16.

Subpart C—Auto-IRA Programs

Section 347.30 Plan requirements for State Auto-IRA programs.

Subsection (a) of this new section specifies that retirement savings bonds will be issued to Auto-IRA custodians for certain state Auto-IRA programs, and that no other registrations under Subpart C are permitted. As defined in § 347.3, an Auto-IRA custodian is “an entity designated by a state (including, for the purpose of these regulations, certain political subdivisions of states) to act as the trustee or custodian for Auto-IRAs, in the form of Roth IRAs or traditional IRAs, for or opened on behalf of participants in a state Auto-IRA program.” Subsection (b) lists topics