PENSION BENEFIT GUARANTY CORPORATION

29 CFR Parts 4022 and 4044


AGENCY: Pension Benefit Guaranty Corporation.

ACTION: Final rule.

SUMMARY: This final rule amends the Pension Benefit Guaranty Corporation’s regulations on Allocation of Assets in Terminated Single-Employer Plans and Selection of Interest Rates for Valuing and Paying Benefits. The amendments are designed to improve the accuracy of interest rate assumptions used to value the pension and retiree benefits and to provide an up-to-date list of interest rates to be used.

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 309 is added at the end of the table to read as follows:

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

§ 240.17a-5 Reports to be made by certain brokers and dealers.

(e) * * * *

(1)(i) * * *

(A) The securities business of the broker or dealer has been limited to acting as broker (agent) for a single issuer in soliciting subscriptions for securities of that issuer, the broker has promptly transmitted to the issuer all funds and promptly delivered to the subscriber all securities received in connection with the transaction, and the broker has not otherwise held funds or securities for or owed money or securities to customers; or

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By the Commission

Dated: June 10, 2019.

Vanessa A. Countryman,
Acting Secretary.

[FR Doc. 2019–12563 Filed 6–13–19; 8:45 am]

BILLING CODE 6011–01–P


Lump Sum Interest Assumption

PBGC uses the interest assumptions in appendix B to part 4022 (“Lump Sum Interest Rates for PBGC Payments”) to determine whether a benefit is payable as a lump sum and to determine the amount to pay as a lump sum. Because some private-sector pension plans use these interest rates to determine lump sum amounts payable to plan participants (if the resulting lump sum is larger than the amount required under section 417(e)(3) of the Internal Revenue Code and section 205(g)(3) of ERISA), these rates are also provided in appendix C to part 4022 (“Lump Sum Interest Rates for Private-Sector Payments”).

This final rule updates appendices B and C of the benefit payments regulation to provide the rates for July 2019 measurement dates.

The July 2019 lump sum interest assumptions will be 0.75 percent for the period during which a benefit is (or is assumed to be) 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 June 2019, these assumptions represent a decrease of 0.25 percent in the immediate rate and are otherwise unchanged.

Valuation/Asset Allocation Interest Assumptions

PBGC uses the interest assumptions in appendix B to part 4044 (“Interest Rates Used to Value Benefits”) to value benefits for allocation purposes under section 4044 of ERISA, and some private-sector pension plans use them to determine benefit liabilities reportable under section 4044 of ERISA and for other purposes. The third quarter 2019 interest assumptions will be 2.92 percent for the first 25 years following the valuation date and 3.07 percent thereafter. In comparison with the interest assumptions in effect for the second quarter of 2019, these interest assumptions represent an increase of five years in the select period (the period during which the select rate (the initial rate) applies), a decrease of 0.15 percent in the select rate, and an increase of 0.02 percent in the ultimate rate (the final rate).

Need for Immediate Guidance

PBGC updates appendix B of the asset allocation regulation each quarter and appendices B and C of the benefit payments regulation each month. 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 issue new interest assumptions promptly so that they are available to value benefits and, for plans that rely on our publication of them each month or each quarter, to calculate lump sum benefit amounts.

Because of the need to provide immediate guidance for the valuation and payment of benefits under plans with valuation dates during July 2019, 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

29 CFR Part 4022

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

29 CFR Part 4044

Employee benefit plans, Pension insurance, Pensions.

In consideration of the foregoing, 29 CFR parts 4022 and 4044 are amended as follows:

PART 4022—BENEFITS PAYABLE IN TERMINATED SINGLE-EMPLOYER PLANS

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

* * * * *
■ 3. In appendix C to part 4022, Rate Set 309 is added at the end of the table to read as follows:

<table>
<thead>
<tr>
<th>Rate set</th>
<th>On or after</th>
<th>Before</th>
</tr>
</thead>
<tbody>
<tr>
<td>309</td>
<td>7–1–19</td>
<td>8–1–19</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Rate set</th>
<th>On or after</th>
<th>Before</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7–1–19</td>
<td>8–1–19</td>
</tr>
</tbody>
</table>

### Appendix B to Part 4044—Interest Rates Used to Value Benefits

<table>
<thead>
<tr>
<th>For valuation dates occurring in the month—</th>
<th>The values of $i_t$ are:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$i_t$ for $t = 1–25$</td>
</tr>
<tr>
<td>July–September 2019 .................</td>
<td>0.0292</td>
</tr>
</tbody>
</table>

### PART 4044—ALLOCATION OF ASSETS IN SINGLE-EMPLOYER PLANS

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

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

■ 5. In appendix B to part 4044, an entry for “July–September 2019” is added at the end of the table to read as follows:

<table>
<thead>
<tr>
<th>For valuation dates occurring in the month—</th>
<th>The values of $i_t$ are:</th>
</tr>
</thead>
<tbody>
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<td>July–September 2019 .................</td>
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</tr>
</tbody>
</table>

Issued in Washington, DC.

Hilary Duke,
Assistant General Counsel, Pension Benefit Guaranty Corporation.

[FR Doc. 2019–12455 Filed 6–13–19; 8:45 am]