PENSION BENEFIT GUARANTY CORPORATION

29 CFR Part 4044

Allocation of Assets in Single-Employer Plans; Interest Assumptions for Valuing Benefits

AGENCY: Pension Benefit Guaranty Corporation.

ACTION: Final rule.

SUMMARY: This final rule amends the Pension Benefit Guaranty Corporation’s regulation on Allocation of Assets in Single-Employer Plans to prescribe interest assumptions under the asset allocation regulation for plans with valuation dates in the second quarter of 2021. These interest assumptions are used for valuing benefits under terminating single-employer plans and for other purposes.

DATES: Effective April 1, 2021.


PBGC uses the interest assumptions in appendix B to part 4044 (“Interest Rates Used To Value Benefits”) to determine the present value of annuities in an involuntary or distress termination of a single-employer plan under the asset allocation regulation. The assumptions are also used to determine the value of multiemployer plan benefits and certain assets when a plan terminates by mass withdrawal in accordance with PBGC’s regulation on Duties of Plan Sponsor Following Mass Withdrawal (29 CFR part 4281).

The second quarter 2021 interest assumptions will be 1.82 percent for the first 20 years following the valuation date and 1.68 percent thereafter. In comparison with the interest assumptions in effect for the first quarter of 2021, these interest assumptions represent no change in the initial interest rate and a decrease of 0.04 percent in the select rate (the initial rate) applies), an increase of 0.13 percent in the select rate, and an increase of 0.02 percent in the ultimate rate (the final rate).

Need for Immediate Guidance

PBGC has determined that notice of, and public comment on, this rule are impracticable, unnecessary, and contrary to the public interest. PBGC routinely updates the interest assumptions in appendix B of the asset allocation regulation each quarter so

<table>
<thead>
<tr>
<th>For valuation dates occurring in the month—</th>
<th>The values of $i_t$ for $t = 1–20$</th>
<th>$i_t$ for $t = 20–30$</th>
<th>$i_t$ for $t = 30–40$</th>
<th>$i_t$ for $t = 40–50$</th>
</tr>
</thead>
<tbody>
<tr>
<td>April–June 2021</td>
<td>0.0182</td>
<td>0.0168</td>
<td>N/A</td>
<td>N/A</td>
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</tbody>
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Issued in Washington, DC.

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

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