

Approved: June 1, 2001.

Robert E. Wenzel,

Deputy Commissioner of Internal Revenue.

Mark A. Weinberger,

Assistant Secretary of the Treasury.

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PENSION BENEFIT GUARANTY CORPORATION

29 CFR Parts 4022 and 4044

Benefits Payable in Terminated Single-Employer Plans; Allocation of Assets in Single-Employer Plans; Interest Assumptions for Valuing and Paying Benefits

AGENCY: Pension Benefit Guaranty Corporation.

ACTION: Final rule.

SUMMARY: The Pension Benefit Guaranty Corporation's regulations on Benefits Payable in Terminated Single-Employer Plans and Allocation of Assets in Single-Employer Plans prescribe interest assumptions for valuing and paying benefits under terminating single-employer plans. This final rule amends the regulations to adopt interest assumptions for plans with valuation dates in July 2001. Interest assumptions are also published on the PBGC's Web site (<http://www.pbgc.gov>).

EFFECTIVE DATE: July 1, 2001.

FOR FURTHER INFORMATION CONTACT:

Harold J. Ashner, Assistant General Counsel, Office of the General Counsel, Pension Benefit Guaranty Corporation, 1200 K Street, NW., Washington, DC 20005, 202-326-4024. (For TTY/TDD users, call the Federal relay service toll-free at 1-800-877-8339 and ask to be connected to 202-326-4024.)

SUPPLEMENTARY INFORMATION: The PBGC's regulations prescribe actuarial assumptions—including interest assumptions—for valuing and paying plan benefits of terminating single-employer plans covered by title IV of the Employee Retirement Income Security Act of 1974. The interest assumptions are intended to reflect

current conditions in the financial and annuity markets.

Three sets of interest assumptions are prescribed: (1) a set for the valuation of benefits for allocation purposes under section 4044 (found in Appendix B to Part 4044), (2) a set for the PBGC to use to determine whether a benefit is payable as a lump sum and to determine lump-sum amounts to be paid by the PBGC (found in Appendix B to Part 4022), and (3) a set for private-sector pension practitioners to refer to if they wish to use lump-sum interest rates determined using the PBGC's historical methodology (found in Appendix C to Part 4022).

Accordingly, this amendment (1) adds to Appendix B to Part 4044 the interest assumptions for valuing benefits for allocation purposes in plans with valuation dates during July 2001, (2) adds to Appendix B to Part 4022 the interest assumptions for the PBGC to use for its own lump-sum payments in plans with valuation dates during July 2001, and (3) adds to Appendix C to Part 4022 the interest assumptions for private-sector pension practitioners to refer to if they wish to use lump-sum interest rates determined using the PBGC's historical methodology for valuation dates during July 2001.

For valuation of benefits for allocation purposes, the interest assumptions that the PBGC will use (set forth in Appendix B to part 4044) will be 6.60 percent for the first 20 years following the valuation date and 6.25 percent thereafter. These interest assumptions are unchanged from those in effect for June 2001.

The interest assumptions that the PBGC will use for its own lump-sum payments (set forth in Appendix B to part 4022) will be 5.00 percent for the period during which a benefit is in pay status, 4.25 percent during the seven-year period directly preceding the benefit's placement in pay status, and 4.00 percent during any other years preceding the benefit's placement in pay status. These interest assumptions are unchanged from those in effect for June 2001.

For private-sector payments, the interest assumptions (set forth in

Appendix C to part 4022) will be the same as those used by the PBGC for determining and paying lump sums (set forth in Appendix B to part 4022).

The 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, as accurately as possible, current market conditions.

Because of the need to provide immediate guidance for the valuation and payment of benefits in plans with valuation dates during July 2001, the PBGC finds that good cause exists for making the assumptions set forth in this amendment effective less than 30 days after publication.

The 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

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 93, as set forth below, is added to the table. (The introductory text of the table is omitted.)

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

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
*	*	*	*	*	*	*	*	*
93	7-1-01	8-1-01	5.00	4.25	4.00	4.00	7	8

3. In appendix C to part 4022, Rate Set 93, as set forth below, is added to the table. (The introductory text of the table is omitted.)

Appendix C to Part 4022—Lump Sum Interest Rates For Private-Sector 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
*	*	*	*	*	*	*	*	*
93	7-1-01	8-1-01	5.00	4.25	4.00	4.00	7	8

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, a new entry, as set forth below, is added to the table. (The introductory text of the table is omitted.)

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

* * * * *

For valuation dates occurring in the month—			The values of i_t are:			
	i_t	for $t =$	i_t	for $t =$	i_t	for $t =$
*	*	*	*	*	*	*
July 2001	.0660	1-20	.0625	>20	N/A	N/A

Issued in Washington, DC, on this 11th day of June 2001.
John Seal,
Acting Executive Director, Pension Benefit Guaranty Corporation.
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POSTAL RATE COMMISSION
39 CFR Part 3000
[Docket No. RM2001-1; Order No. 1313]
Revision to Standards of Conduct
AGENCY: Postal Rate Commission.
ACTION: Final rule.

SUMMARY: The Commission is updating its standards of conduct to reflect government-wide ethics rules. This entails eliminating existing, redundant procedures for reviewing employees' security holdings for conflicts of

interests. This change will help avoid confusion in administration of the Commission's ethics program.
DATES: Effective June 15, 2001.
ADDRESSES: Send comments to Steven W. Williams, Acting Secretary, Postal Rate Commission, 1333 H Street NW., Suite 300, Washington, DC 20268-0001.
FOR FURTHER INFORMATION CONTACT: Stephen L. Sharfman, 202-789-6820.
SUPPLEMENTARY INFORMATION:
A. Regulatory History
66 FR 11242-43 (Order No. 1303); Order No. 1313 (May 15, 2001).
B. Background
On February 7, 2001, the Commission issued a notice of proposed rulemaking proposing to delete rule 103(b) (39 CFR 3000.735.103(b)) from the Commission's standards of conduct. See order no. 1303 published in the **Federal Register** on Friday, February 23, 2001 (66 FR 11242-43).

Rule 103(b) was a de minimis rule. It provided that security interests held by a Commission employee that were valued below a certain amount would receive a different level of scrutiny for conflicts of interest than security interests valued above the specified amount. The notice observed that this provision had been superceded by, and become duplicative of, government-wide ethical standards and screening procedures. To conform the Commission's standards of conduct with government-wide ethics rules and financial disclosure procedures, the Commission proposed that rule 103(b) be deleted.
The notice provided a 30-day period from the date of its publication in the **Federal Register** for public comment. No comments were received. Accordingly, the proposal is adopted as proposed.
Rule 103(b) (39 CFR 3000.735.103(b)) is hereby deleted from the