



## **PENSION BENEFIT GUARANTY CORPORATION**

### **29 CFR Part 4044**

#### **Allocation of Assets in Single-Employer Plans; Valuation of Benefits and Assets; Expected Retirement Age**

**AGENCY:** Pension Benefit Guaranty Corporation.

**ACTION:** Final rule.

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**SUMMARY:** This rule amends the Pension Benefit Guaranty Corporation's regulation on Allocation of Assets in Single-Employer Plans by substituting a new table for determining expected retirement ages for participants in pension plans undergoing distress or involuntary termination with valuation dates falling in 2021. This table is needed to compute the value of early retirement benefits and, thus, the total value of benefits under a plan.

**DATES:** This rule is effective January 1, 2021.

**FOR FURTHER INFORMATION CONTACT:** Gregory Katz ([katz.gregory@pbgc.gov](mailto:katz.gregory@pbgc.gov)), Attorney, Regulatory Affairs Division, Office of the General Counsel, Pension Benefit Guaranty Corporation, 1200 K Street, NW, Washington, DC 20005, 202-229-3829. (TTY users may call the Federal relay service toll-free at 1-800-877-8339 and ask to be connected to 202-229-3829.)

**SUPPLEMENTARY INFORMATION:** The Pension Benefit Guaranty Corporation (PBGC) administers the pension plan termination insurance program under title IV of the Employee Retirement Income Security Act of 1974 (ERISA). PBGC's regulation on Allocation of Assets in Single-Employer Plans (29 CFR part 4044) sets forth (in subpart B) the methods for valuing plan benefits of terminating single-employer plans covered under title IV. Guaranteed benefits and benefit liabilities under a plan that is undergoing a distress termination must be valued in accordance with subpart B of part 4044. In addition, when PBGC terminates an underfunded

plan involuntarily pursuant to ERISA section 4042(a), it uses the subpart B valuation rules to determine the amount of the plan's underfunding.

Under § 4044.51(b) of the asset allocation regulation, early retirement benefits are valued based on the annuity starting date, if a retirement date has been selected, or the expected retirement age, if the annuity starting date is not known on the valuation date. Sections 4044.55 through 4044.57 set forth rules for determining the expected retirement ages for plan participants entitled to early retirement benefits. Appendix D of part 4044 contains tables to be used in determining the expected early retirement ages.

Table I in appendix D (Selection of Retirement Rate Category) is used to determine whether a participant has a low, medium, or high probability of retiring early. The determination is based on the year a participant would reach "unreduced retirement age" (*i.e.*, the earlier of the normal retirement age or the age at which an unreduced benefit is first payable) and the participant's monthly benefit at unreduced retirement age. The table applies only to plans with valuation dates in the current year and is updated annually by PBGC to reflect changes in the cost of living, etc.

Tables II-A, II-B, and II-C (Expected Retirement Ages for Individuals in the Low, Medium, and High Categories respectively) are used to determine the expected retirement age after the probability of early retirement has been determined using Table I. These tables establish, by probability category, the expected retirement age based on both the earliest age a participant could retire under the plan and the unreduced retirement age. This expected retirement age is used to compute the value of the early retirement benefit and, thus, the total value of benefits under the plan.

This document amends appendix D to replace Table I-20 with Table I-21 to provide an updated correlation, appropriate for calendar year 2021, between the amount of a participant's benefit and the probability that the participant will elect early retirement. Table I-21 will be used to value benefits in plans with valuation dates during calendar year 2021.

PBGC has determined that notice of, and public comment on, this rule are impracticable, unnecessary, and contrary to the public interest. PBGC's update of appendix D for calendar year 2021 is routine. If a plan has a valuation date in 2021, the plan administrator needs the updated table being promulgated in this rule to value benefits. Accordingly, PBGC finds that the public interest is best served by issuing this table expeditiously, without an opportunity for notice and comment, and that good cause exists for making the table set forth in this amendment effective less than 30 days after publication to allow the use of the proper table to estimate the value of plan benefits for plans with valuation dates in early 2021.

PBGC has determined that this action is not a "significant regulatory action" under the criteria set forth in Executive Order 12866 and Executive Order 13771.

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

#### **List of Subjects in 29 CFR Part 4044**

Employee benefit plans, Pension insurance.

In consideration of the foregoing, 29 CFR part 4044 is amended as follows:

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

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

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

2. Appendix D to part 4044 is amended by removing Table I-20 and adding in its place Table I-21 to read as follows:

**Appendix D to Part 4044 — Tables Used to Determine Expected Retirement Age**

TABLE I-21 — SELECTION OF RETIREMENT RATE CATEGORY  
(For valuation dates in 2021<sup>1</sup>)

If participant reaches URA in year —	Participant’s Retirement Rate Category is —			
	Low <sup>2</sup> if monthly benefit at URA is less than —	Medium <sup>3</sup> if monthly benefit at URA is —		High <sup>4</sup> if monthly benefit at URA is greater than —
		From —	To —	
2022	686	686	2,896	2,896
2023	701	701	2,963	2,963
2024	718	718	3,031	3,031
2025	734	734	3,100	3,100
2026	751	751	3,172	3,172
2027	768	768	3,245	3,245
2028	786	786	3,319	3,319
2029	804	804	3,396	3,396
2030	822	822	3,474	3,474
2031 or later	841	841	3,554	3,554

<sup>1</sup> Applicable tables for valuation dates before 2021 are available on PBGC’s website ([www.pbgc.gov](http://www.pbgc.gov)).

<sup>2</sup> Table II-A.

<sup>3</sup> Table II-B.

<sup>4</sup> Table II-C.

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Issued in Washington, DC, by:

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*Pension Benefit Guaranty Corporation.*