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.

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 2018. 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, 2018.


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–17 with Table I–18 to provide an updated correlation, appropriate for calendar year 2018, between the amount of a participant’s benefit and the probability that the participant will elect early retirement.

Table I–18 will be used to value benefits in plans with valuation dates during calendar year 2018.

PBGC has determined that notice of, and public comment on, this rule are impracticable and contrary to the public interest. Plan administrators need to be able to estimate accurately the value of plan benefits as early as possible before initiating the termination process. For that purpose, if a plan has a valuation date in 2018, the plan administrator needs the updated table being promulgated in this rule. 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 as much time as possible to estimate the value of plan benefits with the proper table for plans with valuation dates in early 2018.

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

§ 4044.13771—Definitions

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–17 and adding in its place Table I–18 to read as follows:

Appendix D to Part 4044—Tables Used To Determine Expected Retirement Age
I. Background

The Treasury Regulations appearing at 31 CFR part 100, subpart C, are promulgated under 31 U.S.C. 5120, and relate to the exchange of uncurrent, bent, partial, fused, and mixed coins. The last amendment to 31 CFR part 100, subpart C, was on August 23, 1999. Since then, the United States Mint identified portions of the regulations in need of revision to update redemption rates and procedures, and to enhance the integrity of the acceptance and processing of bent and partial United States coins. The United States Mint was also informed that the current structure of part 100 does not meet the orderly codification requirements of 1 CFR 8.2, 21.8, and 21.9.

The revisions include updates to redemption rates and procedures, and will enhance the integrity of the acceptance and processing of bent and partial United States coins. The revisions provide the United States Mint discretion to cease processing submissions that appear to be part of an illegal scheme, or contain material that is not identifiable as bent or partial United States coinage.

The second category of revisions relates to the redemption rates for uncurrent coins and bent and partial coins that have been withdrawn from circulation. For uncurrent coins, the revisions clarify the procedure for redemption by informing the public to deposit the uncurrent coins with a financial institution that will accept them, or with a depository institution that has a direct relationship with a Federal Reserve Bank. The revisions make clear that a Federal Reserve Bank will redeem uncurrent coins based on the policies described in the Federal Reserve’s Operating Circular 2.

For bent or partial coins, the revisions update the redemption rates of certain coins to reflect the current values and compositions of coins being redeemed. For example, in the prior regulation, the redemption rate for one-cent coins was $1.4585 per pound; this redemption rate was derived from the weight of bronze one-cent coins (3.11 grams or 0.1097 ounces each), which the United States Mint has not minted and issued since 1982. In 1983, the United States Mint began minting and issuing only copper-plated zinc one-cent coins, which weigh 2.50 grams or 0.0882 ounces each. Due to the weight difference, a pound (the minimum weight for redemption) of copper-plated zinc one-cent coins contains a higher quantity of coins than a pound of bronze one-cent coins.

Bent or partial coins, the revisions update the redemption rates of certain coins to reflect the current values and compositions of coins being redeemed. For example, in the prior regulation, the redemption rate for one-cent coins was $1.4585 per pound; this redemption rate was derived from the weight of bronze one-cent coins (3.11 grams or 0.1097 ounces each), which the United States Mint has not minted and issued since 1982. In 1983, the United States Mint began minting and issuing only copper-plated zinc one-cent coins, which weigh 2.50 grams or 0.0882 ounces each. Due to the weight difference, a pound (the minimum weight for redemption) of copper-plated zinc one-cent coins contains a higher quantity of coins than a pound of bronze one-cent coins. The revisions make the redemption rate $1.8100 for a pound consisting solely of copper-plated zinc one-cent coins. For bronze one-cent coins, or a mix of both bronze and copper-plated zinc one-cent coins, the lower redemption rate of $1.4585 will apply. A similar update is made to the redemption rate for $1 coins.

The third category of revisions clarifies that the United States Mint will not accept fused coins. The United States Mint will also not accept mixed coins (coins of several alloy categories presented together) for redemption, with the exception of bent or partial one-cent coins and $1 coins that are presented in mixed years.

### Table I–18—Selection of Retirement Rate Category

[For plans with valuation dates after December 31, 2017, and before January 1, 2019]

<table>
<thead>
<tr>
<th>Participant’s Retirement Rate Category is—</th>
<th>Low 1 if monthly benefit at URA is less than—</th>
<th>Medium 2 if monthly benefit at URA is—</th>
<th>High 3 if monthly benefit at URA is greater than—</th>
</tr>
</thead>
<tbody>
<tr>
<td>If participant reaches URA in year—</td>
<td>From—</td>
<td>To—</td>
<td>From—</td>
</tr>
<tr>
<td>2019</td>
<td>647</td>
<td>647</td>
<td>2,734</td>
</tr>
<tr>
<td>2020</td>
<td>622</td>
<td>662</td>
<td>2,797</td>
</tr>
<tr>
<td>2021</td>
<td>678</td>
<td>678</td>
<td>2,862</td>
</tr>
<tr>
<td>2022</td>
<td>693</td>
<td>693</td>
<td>2,927</td>
</tr>
<tr>
<td>2023</td>
<td>709</td>
<td>709</td>
<td>2,995</td>
</tr>
<tr>
<td>2024</td>
<td>725</td>
<td>725</td>
<td>3,064</td>
</tr>
<tr>
<td>2025</td>
<td>742</td>
<td>742</td>
<td>3,134</td>
</tr>
<tr>
<td>2026</td>
<td>759</td>
<td>759</td>
<td>3,206</td>
</tr>
<tr>
<td>2027</td>
<td>777</td>
<td>777</td>
<td>3,280</td>
</tr>
<tr>
<td>2028 or later</td>
<td>794</td>
<td>794</td>
<td>3,355</td>
</tr>
</tbody>
</table>

1 Table II–A.  
2 Table II–B.  
3 Table II–C.

* * * *

Issued in Washington, DC, by:

Daniel S. Liebman,  
Acting Assistant General Counsel for Regulatory Affairs, Pension Benefit Guaranty Corporation.

[FR Doc. 2017–27361 Filed 12–19–17; 8:45 am]  
BILLING CODE 7709–02–P

DEPARTMENT OF THE TREASURY  
United States Mint  
31 CFR Part 100  
Exchange of Coin  
AGENCY: United States Mint, Treasury.  
ACTION: Final rule.

SUMMARY: This final rule revises Treasury regulations relating to the exchange of uncurrent, bent, partial, fused, and mixed coins, and to update the regulations to comply with the requirement for orderly codification. The revisions include updates to redemption rates and procedures that will enhance the integrity of the acceptance and processing of bent and partial United States coins.

DATES: Effective Date: January 19, 2018.

FOR FURTHER INFORMATION CONTACT: Sheila Barnett, Legal Counsel; Office of the Chief Counsel; United States Mint; at (202) 354–7624 or sbarnett@usmint.treas.gov.

SUPPLEMENTARY INFORMATION:  
I. Background

The Treasury Regulations appearing at 31 CFR part 100, subpart C, are promulgated under 31 U.S.C. 5120, and...