



SOCIETY OF ACTUARIES

Article from:

Pension Section News

October 1999 – Issue No. 41

Excerpts from the PBGC Actuarial Valuation Report - 1998 Fiscal Year—Correction of Table from June 1999 Issue

ACTUARIAL ASSUMPTIONS

	Previous Valuation as of 9/30/97	Current Valuation as of 9/30/98
Interest Rate	Select and Ultimate <ul style="list-style-type: none"> • 6.2% for 25 years • 5.5% thereafter 	Select and Ultimate <ul style="list-style-type: none"> • 5.7% for 25 years • 5.75% thereafter
Mortality <ul style="list-style-type: none"> • Healthy Lives • Disabled Lives Not Receiving Social Security • Disabled Lives Receiving Social Security 	<ul style="list-style-type: none"> • 1994 Group Annuity Mortality Static Table (with margins), set forward two years, projected 12 years to 2006 using Scale AA • Healthy Lives Table set forward three years • Social Security disability table as described in subpart B of PBGC regulations on Allocation of Assets in Single-Employer Plans for persons up to age 64, adjusted to parallel the table for disabled lives not receiving Social Security benefits for ages above 64. 	Same (but see discussion)
SPARR	Actual SPARR for fiscal years for which it has been calculated. The most recent actual SPARR is assumed for years for which the calculation is not yet completed (most recent SPARR: FY 1993 = 7.44%). See Table 2B for values.	Actual SPARR for fiscal years for which it has been calculated. The most recent actual SPARR is assumed for years for which the calculation is not yet completed (most recent SPARR: FY 1995 = 7.22%). See Table 2B for values.
Retirement Ages	<ul style="list-style-type: none"> (a) Earliest possible for shutdown companies. (b) Expected retirement age (XRA) tables from 29 CFR 4044 for ongoing companies (c) Participants past XRA are assumed to be in pay status. (d) Unlocated participants past normal retirement age (NRA) are phased out over three years to reflect lower likelihood of payment. 	Same
Expenses	All terminated plans and single-employer probable terminations: 1.30% of the liability for benefits plus additional reserves as shown in Table 2C for cases where plan asset determinations, participant database audits, and actuarial valuations were not complete.	Same

Editor's Note: This table replaces the table shown on page 5 of the June 1999 issue of Pension Section News. This table above correctly depicts the Actuarial Assumptions for the 1998 Fiscal Year according to the PBGC Actuarial Valuation Report.