



## **GAC alert**

### **PBGC Issues MAP-21 Guidance**

The Pension Benefit Guaranty Corporation (PBGC) issued Technical Update 12-1 on August 28, 2012. This release provides guidance regarding the impact on PBGC premiums of the recently enacted law, Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21).

MAP-21 generally provides for stabilization rules that limit the volatility of certain discount rates used for funding purposes. It also provides that the stabilization rules do not apply to the discount rates used to determine the variable rate premium.

In the guidance, the PBGC notes that:

- The stabilization rules do not apply to the discount rates used to calculate the standard premium funding target under ERISA § 4006(a)(3)(E) and § 4006.4(b) of PBGC's regulations, or to the alternative premium funding target under section § 4006.5(g) of PBGC's regulations.
- The asset value used to determine the variable-rate premium continues to be the amount determined under ERISA § 303 for funding purposes, taking into account the rules about disregarding averaging and certain prior-year contributions in § 4006.4(c) of PBGC's regulations.
- Beginning in 2013, MAP-21 changes the flat and variable premium rates and puts a cap on the variable-rate premium. The PBGC indicates that each of these rates is subject to a different inflation adjustment and that the variable-rate premium cap has its own inflation adjustment.

A copy of PBGC Technical Update 12-1 is available here [[Click Here](#)].

**For more information:**

**IRS Funding Stabilization Rates - Notice 2012-55** [[Click Here](#)]