

Pension Benefit Guaranty Corporation

A U.S. GOVERNMENT AGENCY

Monthly Interest Rate Statement

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PBGC November 2019 Interest Rate Summary

November 20, 2019

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The purpose of this summary is to provide, in one place, a summary of current interest rates that relate to various calculations required under Title IV of ERISA. PBGC posts this summary each month, as soon as all of the new information is available.

Rate-specific webpages containing additional information about and historical data for each type of rate included in this summary are available via [PBGC's interest rates webpage](#). **With respect to rates PBGC calculates directly (e.g., ERISA 4022 lump sum rates), the rate-specific webpages are almost always updated on the 15th of each month.**

Rates that change each month

Description	What rate is used for	Most current rate(s) available	When rate is used
<p>ERISA 4022 Lump Sum Interest Rates</p>	<p>These interest rates are used to determine the lump sum equivalent of a participant's benefit when PBGC trustees a single-employer plan. If the value is less than \$5,000, PBGC may pay that amount in one lump sum in lieu of a monthly annuity.</p>	<p>Immediate rate - 0.25%</p> <p>Deferred rates (i1, i2, and i3) - 4.00%</p> <p>Deferral periods (n1 and n2) - 7 and 8 years respectively</p>	<ul style="list-style-type: none"> • PBGC - Plans that terminate in December 2019 • Ongoing plans that use ERISA 4022 rates to determine lump sums - depends on plan provisions

	Some ongoing pension plans use these rates to determine lump sum amounts, but the vast majority do not. Individuals seeking information about the interest rates their plans use to determine lump sums should contact their plan directly.	The ERISA 4022 Lump Sum Interest Rate Web page provides information about how these rates are used, e.g., what i1, i2, i3, n1 and n2 represent, when to use the immediate rate, etc.	
Variable-Rate Premiums	<p>These rates, the spot segment rates, are used to determine the variable-rate premium (VRP) unless the plan has an election in effect to use the Alternative Premium Funding Target.</p> <p>These rates are determined and published by the IRS.</p>	<ul style="list-style-type: none"> • 1st segment rate - 2.01% • 2nd segment rate - 3.06% • 3rd segment rate - 3.65% 	<p>These are the October 2019 spot segment rates. They are used by plans with plan years beginning in November 2019 for determining either the 2019 or 2020 VRP, depending on whether the plan uses the "lookback rule".</p> <p>The VRP interest rate web page provides additional information about applicability.</p>

Rates that change each calendar quarter

The rates in the table below are updated in each of the March, June, September, and December *Monthly Interest Rate Summaries*. For all other months, the rates are identical to the prior month's Summary.

Description	What rate is used for	Most current rate(s) available	When rate is used
ERISA 4044 Annuities	These rates are used for determining the present value of accrued benefits on a termination basis.	<ul style="list-style-type: none"> • Select rate - 2.53% for the first 25 years following the date of plan termination 	October 1, 2019 through December 31, 2019 valuations

		<ul style="list-style-type: none"> Ultimate rate - 2.53% thereafter. 	
Late Premium Payments	<p>PBGC charges interest on late PBGC premiums using the IRC section 6601(a) rate (i.e., what IRS charges for late tax payments).</p> <p>Late payment penalties may also apply. See Late Payment Charges for more information.</p> <p>The same rates are also used to compute certain interest charges applicable when PBGC trustees a plan (e.g., interest on required contributions unpaid as of the termination date).</p>	5.00%	Interest accrued October 1, 2019 through December 31, 2019
Late Withdrawal Liability	<p>Unless rules adopted by the plan provide otherwise, this is the rate of interest multiemployer plans:</p> <ul style="list-style-type: none"> charge employers who have withdrawn from the plan if withdrawal liability payments are late or in default and credit such employers if they overpay their withdrawal liability. 	5.25%	Interest charged or credited October 1, 2019 through December 31, 2019

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Customer Contact

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