

Publications

Massachusetts District Court Rejects the “Prudent Investor Rate” in Favor of the PBGC’s Discount Rate

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In *Wolverine, Proctor & Schwartz, LLC v. Lynn F. Riley*, 2010 WL 1236298 (D. Mass Mar. 12, 2010), the Massachusetts District Court rejected the prudent investor rate theory and applied the Pension Benefit Guaranty Corporation’s (“PBGC”) discount rate, set by regulation, to determine the amount of PBGC’s termination liability claim. This ruling is one of a string of decisions that are contrary to decisions in the 1990s and 2000, which rejected PBGC’s use of its discount rate to determine liability for underfunded, terminated pension plans. Please see the attached memo for further background and a summary of the ruling.