

Pension Benefit Guaranty Corporation

74-15

November 13, 1974

REFERENCE:

[*1] 4021(a) Plans Covered. Requirements of Coverage

OPINION:

Your letter of October 7, 1974, was referred to the Pension Benefit Guaranty Corporation by the Minneapolis, Minnesota, area office of the Labor-Management Services Administration.

In general you wished to know whether a plan which has been ruled by the Internal Revenue Service to be tax qualified, and which provides a participant at age 65 with a retirement benefit equal to 15 percent of his highest 3 years average annual wage is covered by the plan termination insurance program established by the Employee Retirement Income Security Act of 1974.

Section 4021 of the Act provides mandatory coverage of defined benefit pension plans which have been ruled to be tax qualified by the Internal Revenue Service. Therefore, the plan described in your letter is covered by the plan termination insurance program.

We hope this will be of assistance and apologize for the delay in our response.

Steven E. Schanes
Acting Executive Director