

Pension Benefit Guaranty Corporation

75-105

December 31, 1975

REFERENCE:

[\*1] 3(2) Definitions. Pension Plan  
4001(b) Definitions. Employer and Controlled Group

OPINION:

This is in response to your letter of November 26, 1975. As we understand the facts, "C" has a "Plan" covering its employees and those of its wholly-owned subsidiary, "C-1." Both "C" and "C-1" are discontinuing contributions and accruals on behalf of all participants. The contributions made by "C" and "C-1" are separately accounted and these accounts are the sole source of benefits for participants. That is, participants of "C" look only to "C's" account for benefits and vice versa.

This arrangement, in our view, constitutes two plans. Section 4001(b) of the Act applies to the extent that "C" and "C-1" are treated as the employer which, in this case, maintains two plans. That statutory provision defines an employer for purposes of Title IV of the Act; it does not define a plan.

We hope this is of assistance. At your request, we will be happy to further discuss this matter.

Henry Rose  
General Counsel