

Pension Benefit Guaranty Corporation

74-11

November 27, 1974

REFERENCE:

[*1] 4007(a). Payment of Premiums. Due Dates
4007(b) Payment of Premiums. Penalties and Interest

OPINION:

This is in response to your recent inquiry and in confirmation of the telephonic answers given to you by Mr. Anderson of our staff on November 11, 1974.

Facts: A corporation has a fiscal year ending October 31, 1975. On October 30, 1975 Plan and Trust documents were signed establishing a defined benefit Pension plan and Trust effective November 1, 1974. The plan year is stated in the documents to be November 1st through October 31st.

Question: As premiums are due thirty days after the beginning of the Plan year would the Plan have to pay the interest and the penalty from December 1, 1974?

Question: When would the premiums be due so as to avoid the interest and penalty payments?

Answer: The initial premiums are due 30 days after the date of signing the documents and establishing the plan. The interest and penalty charges do not arise until the expiration of this due date.

Henry Rose
Acting General Counsel