

Pension Benefit Guaranty Corporation

74-8

December 23, 1974

REFERENCE:

[\*1] 4006(a)(3) Premium Rates. Initial Rates  
4007(a). Payment of Premiums. Due Dates

OPINION:

This is a confirmation of the telephone call on November 22, 1974 by Mr. \* \* \* of our staff regarding the following questions: (1) Is a plan covered for purposes of premium payments upon the date it receives a favorable IRS determination, the date it is established or the effective date provided in the plan documents? (2) If the IRS grants its determination retroactive to the plan's effective date, are premiums due for the interim period and, if so, when are such premiums due?

You advise that the subject plan was established after September 1, 1974 with an effective date of September 1, 1974 and that it is awaiting IRS approval.

A plan is covered for the purpose of premium payments upon the date of establishment or the effective date, whichever is later. Thus your plan is covered on the date of establishment, which is normally the date on which the plan documents are executed.

Premiums are due within 30 days thereafter and should be for the period following such date.

Steven E. Schanes  
Acting Executive Director