

Pension Benefit Guaranty Corporation

75-54

June 23, 1975

REFERENCE:

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

OPINION:

This is in response to your letter of June 12, 1975 which asks "whether the Pension Benefit Guaranty Corporation would have available any type of coverage of Keogh Trust Accounts with savings and loan associations and whether such coverage would be for the full amount placed in such trust account . . ." You also asked "whether the PBGC may operate as an extension of FSLIC [Federal Savings and Loan Insurance Corporation] coverage for Keogh Trust Accounts."

Subject to certain statutory limitations the Pension Benefit Guaranty Corporation ("PBGC" or the Corporation") guarantees:

". . . the payment of all nonforfeitable benefits (other than benefits becoming nonforfeitable solely on account of the termination of a plan) under the terms of a plan which terminates at a time when section 4021 applies to it." Section 4022(a)

I have enclosed a copy of Section 4021 so that you will be able to ascertain the types of plans covered by PBGC.

PBGC does not insure the deposits made into a Keogh Trust, but rather guarantees the payment of certain "basic benefits" in the event a plan proves to be inadequately funded, and unable to provide the promised [\*2] benefit. As you can see, PBGC does not function in the same manner, nor insure against the same events as FSLIC.

I hope this information will prove helpful to you.

Henry Rose  
General Counsel