

Pension Benefit Guaranty Corporation

76-67

1976 PBGC LEXIS 54

May 14, 1976

REFERENCE:

[*1] 4062(b) Liability of Employer in Single Employer Plans. Amount of Employer Liability

OPINION:

It was a pleasure meeting with you to discuss the matter of the termination of the * * * for which a Notice of Intent to Terminate on April 22, 1976 has been filed with the Pension Benefit Guaranty Corporation ("PBGC").

You have asked that we give you a hypothetical example of how employer liability is determined under Section 4062(b) of the Employee Retirement Income Security Act of 1974 (the "Act"). Assume that the current value of a plan's benefits guaranteed under Section 4022 of the Act on the date of termination exceeds the current value of the plan's assets allocable to such benefits on such date by \$100,000. Also assume that the employer's net worth as of a day chosen by PBGC not more than 120 days prior to the date of termination is agreed to be \$200,000. In this situation the employer liability assessment would be limited to 30 percent of net worth or \$60,000. If in the example the employer's net worth was agreed to be \$500,000 the employer liability assessment would be \$100,000.

Under certain conditions deferred payment terms for the payment of the employer liability assessment may [*2] be granted at the discretion of PBGC.

I trust that this is helpful to you.

John H. Falsey
Supervisory Attorney