

Pension Benefit Guaranty Corporation

83-12

May 20, 1983

REFERENCE:

[*1] 4041 Termination by Plan Administrator

OPINION:

This responds to correspondence dated * * *, and * * * in which PBGC was supplied with various factual information and asked what would be the PBGC's position if notices of intent to terminate were submitted to PBGC proposing the terminations of the * * * Pension Trust Plan and the * * * Retirement Plan (the "Plans") under the circumstances described below.

In correspondence and at subsequent meetings you indicated that the Plans are both covered under Title IV, and represented that the Plans have sufficient assets to provide all benefits under their terms and that each Plan has residual assets. It is * * * present intention to terminate the Plans and to distribute all plan benefits to participants, including a 10% pension increase, subject to union approval in the case of the * * * Pension Trust Plan. Residual assets would be distributed to Co. pursuant to the Plans' provisions.

You have also represented that * * * plans to establish two new defined benefit plans concomitantly with the termination of the Plans, and that each new defined benefit plan will provide retirement benefits based only on future service and no past service benefits. [*2] You advise that the new plans will cover basically the same participants as the Plans and will have the same eligibility rules and somewhat more favorable vesting requirements and that in the new plans the applicable percentage in the career average benefit formula will be slightly larger than the percentage in the Plans. You have also advised that benefits provided by * * * contributions to two newly adopted profit-sharing plans will reduce dollar for dollar the benefits payable under the defined benefit plans.

This will confirm our statement that the facts and circumstances in this case as described in the information, advice and representations that you have submitted, will not cause the PBGC to reject properly completed Notices of Intent to Terminate the Plans.

Mitchell L. Strickler
Acting General Counsel