

PBGC Business Rules for Premium Filings

Here are some PBGC business rules to help ensure the accuracy of premium filings created with your software (which will reduce error messages and follow-up contacts with your customers who use your software). We urge you to validate the premium data entered by the filers who use your software to help ensure the accuracy of the data submitted via the upload and import filing methods. A reminder that My PAA performs additional validations for imported filings and My PAA screen-prepared filings only. Uploaded filings do not get the screen-related validations that are present within the My PAA application.

New Business Rules for Premium Filings Starting Plan Year 2013

- **Revocation of Alternative Premium Funding Target Election** – For the first time, certain plans that previously elected to use the Alternative Premium Funding Target to determine unfunded vested benefits are eligible to revoke that election and use the Standard Premium Funding Target. Because an election to use the Alternative Premium Funding Target must remain in effect or at least five years, plans cannot revoke a prior election in 2013 unless the election was first effective for the 2008 plan year. To revoke a prior election, the plan must check the Revocation box in the Alternative Premium Funding Target Election/Revocation section of the Comprehensive Filing. In order to be considered valid, the revocation must be part of a timely filing, i.e., submitted by the variable-rate premium due date (for example, by October 15th for a large or mid-sized calendar year plan). Once a plan has made a revocation, the revocation must remain in place for at least five years. If a revocation is in effect, the plan should not submit a filing that includes a revocation again. (not enforced in the schema)
- **New Cap on Variable-rate Premium** – The variable-rate premium is now capped at \$400 times the number of participants. (not enforced in the schema)
- **New Data Elements:** (not enforced in the schema)
 - **Breakdown of the total Premium Funding Target** – The total Premium Funding Target is now broken down into the three categories shown in the Variable-Rate Premium section of the Comprehensive Filing.
 - **Contact Information** – Plans must now report a contact name on both Comprehensive Filings and Estimated Flat-rate Filings that will be used when PBGC sends official premium correspondence. Filers also have the option of providing an additional plan contact.
 - **Plan Effective Date** – All plans must now report the plan effective date on both Comprehensive Filings and Estimated Flat-rate Filings.
 - **Premium Credit** – The premium credit information is now broken down into two items rather than one on the Comprehensive Filing.

Ongoing Business Rules

- Type of Filing Submitted - Estimated Flat-rate Filings should not be submitted (and will not be allowed) after the Comprehensive/Final Filing due date has passed. For example, if a large plan has a PYC of January 1st, the Estimated Filing should be submitted by February 28th and the Comprehensive Filing should be submitted by October 15th. Once the final information is known or if the October 15th date is reached, only the Comprehensive Filing should be submitted.
- Dates - Software users should be required to enter a 4-digit year so that correct dates are submitted.
- Reporting Complete Information - All related questions and all items within a question must be answered (whether or not this is enforced in the schema). For example, when completing a Comprehensive Filing for a new plan, the Plan Size question must be answered "N/A; first year's filing" and the New and Newly Covered Plans question must include all the new plan dates.
- Alternative Premium Funding Target Election – To elect to use the alternative premium funding target, the plan must check the Election box in the Alternative Premium Funding Target Election/Revocation section of the Comprehensive Filing. In order to be considered valid, the election must be part of a timely filing, i.e., submitted by the variable-rate premium due date (for example, by October 15th for a large or mid-sized calendar year plan). Once a plan has made the election to use the alternative premium funding target, this election cannot be revoked for any premium payment year that begins less than five calendar years after the beginning of the premium payment year for which the election was made. If an election is in effect, the plan should not submit a filing that includes an election again. (not enforced in the schema)
- Premium funding target – If a plan is using the standard premium funding target method, the filing should include all three segments for the discount rates. The rates must be the segment rates for the month preceding the month in which the Premium Payment Year begins, as shown on PBGC's Web site at:
<http://www.pbgc.gov/practitioners/interest-rates/content/hr1127.html>.

If the plan is using the alternative premium funding target method, the filing should include all three IRS-issued segment rates acceptable for the UVB date reported (see instructions for details) OR indicate that the full yield curve was used to determine the premium funding target. (the schema enforces that either full yield curve or all three segment rates must be present if the comprehensive VRP node is present, but it does not enforce that full yield curve can only be used with the alternative method)

- Premium funding target estimate -- Only mid-size and large plans have the option to check the box to indicate that the reported premium funding target information is an estimate. (not enforced in the schema)
- Amended Filing - A VRP reconciliation filing (in which the final premium funding target information is provided after having reported an estimated premium funding target) is considered to be an amended filing. In addition, an amended filing should include all valid filing data from the previously-submitted filing (e.g., an election or

revocation if appropriate). If an amended filing is submitted by the due date, information may be changed if appropriate (e.g., an election or revocation). (not enforced in the schema)

- Reporting Dollar Amounts - With the exception of total premium, premium credits, the amount due PBGC, and the amount of any overpayment, money amounts should be in dollars only (no cents). (not enforced in the schema)
- Treatment of Overpayment – If a filing indicates that the plan has an overpayment, the filer must choose whether to have the overpayment refunded (by check or electronic funds transfer (EFT)) or credited toward the next year's premium for the plan. If EFT, the filer must provide the banking information requested. (enforced in the schema)
- For additional information about the above business rules and other filing reminders, please review the My PAA FAQs, particularly the last FAQ “How can I help ensure that my premium filing is accurate and complete?”. Here is the link to the page of FAQs: <http://www.pbgc.gov/about/faq/pg/faq-for-practitioners.html>.
- For information about how to use My PAA, e.g., the online Demos, review the information on the Online Premium Filing with My PAA page: <http://www.pbgc.gov/prac/prem/online-premium-filing-with-my-paa.html>