

Pension Benefit Guaranty Corporation

76-7

January 14, 1976

REFERENCE:

[*1] 3(1) Definitions. Welfare plan
3(2) Definitions. Pension Plan
4021(b)(1). Plans covered. Individual Account Plans

OPINION:

This is in response to your letter of December 23, 1975, regarding coverage under Title IV of the Employee Retirement Income Security Act of 1974 (the "Act") of the * * * and the * * *

Both of these plans are excluded from coverage under Title IV of the Act. As to the annuity fund, you indicate on page 2 of your letter that its "function . . . is to invest funds and to credit each individual account with its allocate share of the original principal, contributions to principal and income earned thereon." To the extent that benefits are based solely on employer contributions to individual accounts and the investment experience of such accounts, the plan is an individual account plan and is excluded from Plan Termination Insurance coverage pursuant to Section 4021(b)(1) of the Act. As to the * * * you indicate on page 2 of your letter that its function is to "maintain life insurance, provide certain dental, drug, eye glass, maternity, legal services, and ambulance service benefits." Such a plan is an employee welfare benefit plan as defined in Section 3(1) of the Act, [*2] and such a plan is excluded from Plan Termination Insurance coverage. The termination insurance program covers only defined benefit employee pension benefit plans as defined in Section 3(2) of the Act.

We hope this is of assistance.

Henry Rose
General Counsel