The flat premium rates for pension plans covered by Title IV must be paid to PBGC. Section 4006 of ERISA deals with premium rates.

The Deficit Reduction Act of 2005 (Pub. L. 109–171) (DRA 2005) amended section 4006 of ERISA. DRA 2005 changed the per-participant flat premium rate for plan years beginning in 2006 from $19 to $30 for single-employer plans and from $2.60 to $8 for multiemployer plans and provided for inflation adjustments to the flat rates for future years. The adjustments are based on changes in the national average wage index as defined in section 209(k)(1) of the Social Security Act, with a two-year lag—for example, for 2010, the 2008 index is compared to the baseline (the 2004 index). The provisions were written in such a way that the premium rate can never go down; if the change in the national average wage index is negative, the premium rate remains the same as in the preceding year. Also, premium rates are rounded to the nearest whole dollar.

The baseline national average wage index, the 2004 index, was $35,648.55. The 2008 index is $41,334.97. The ratio of the 2008 index to the 2004 index is 1.1595134. Multiplying this ratio by $30.00 gives $34.79, which rounds to $35.00. Multiplying the ratio by $8.00 gives $9.28, which rounds to $9.00. Thus, the 2010 flat premium rates for PBGC’s two insurance programs will be $35.00 per participant for single-employer plans and $9.00 per participant for multiemployer plans.

Before DRA 2005, PBGC flat premium rates remained constant for many years at a time. Since DRA 2005, PBGC has published annual notices (like this one) in the Federal Register to inform the public of the rates. PBGC also publishes the flat rates in its annual premium instructions on its Web site (http://www.pbgc.gov; click on “Practitioners,” then on “Premium Instructions and Forms” under the heading “Premium Filings” in the center column). PBGC has concluded that since the flat rates are easily accessible to the public on its Web site, it is no longer necessary to publish annual flat premium rate notices in the Federal Register.

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