

Pension Benefit Guaranty Corporation

74-5

November 8, 1974

REFERENCE:

[*1] 4006(a)(3) Premium Rates. Initial Rates
4021(b)(1). Plans covered. Individual Account Plans

OPINION:

This is in response to your recent letter inquiring as to whether your "Profit-Sharing Retirement Plan for Employees" is excluded from coverage of the termination insurance program and, specifically, the obligation to pay premiums under Title IV of the Employee Retirement Income Security Act.

Section 4021 (b)(1) excludes from the coverage of Title IV an "individual account plan," which, in turn, is defined (Section 3(34)) as a "pension plan which provides for an individual account for each participant and for benefits based solely upon the amount contributed to the participant's account." We note that you describe your plan as one where a portion of the employer's income is "allocated among the participant's account." We note that you describe your plan as one where a portion of the employer's income is "allocated among the participants" and that "no representation is made in the plan or otherwise as to the value of the participant's account upon distribution." On this basis it appears that your plan is not covered by Title IV and premiums are not due to the Pension Benefit Guaranty Corporation. [*2]

Charles Skopic
Acting Executive Director