

Pension Benefit Guaranty Corporation

77-141

April 28, 1977

REFERENCE:

[*1] 4022(a) Benefits Guaranteed. Type of Benefits Guaranteed
29 CFR 2605. Guaranteed Benefits

OPINION:

This is in response to your letter of * * * asking whether the benefits provided by the * * * "Plan") are insured by Title IV of the Employee Retirement Income Security Act of 1974 ("ERISA" or "Act").

Title IV of ERISA insures the payment of guaranteed benefits provided in tax qualified pension plans that terminate at a time when they are subject to Title IV coverage. The definition of a guaranteed benefit is set forth in 29 CFR § 2605.3. According to your letter, the Plan is a tax qualified pension plan, subject to Title IV coverage.

In order to be a guaranteed benefit, a benefit must, inter alia, qualify as a pension benefit as defined in 29 CFR § 2605.2, which states that a pension benefit:

". . . means a benefit payable as an annuity, or one or more payments related thereto, to a participant who permanently leaves or has left covered employment, or to a surviving beneficiary, which payments . . . provide a substantially level income to the recipient."

An examination of the Plan shows that it provides for a single payment, lump sum retirement benefit, or for monthly benefit [*2] payments which are the actuarial equivalent of the lump sum benefit. While the Plan benefit in the form of the lump sum would not be guaranteed because it does not meet the definition of a pension benefit, subject to the statutory limitations imposed on the amount guaranteed, the actuarially equivalent monthly benefit would be guaranteed and insured by Title IV of the Act.

I hope the information set forth above will enable the Company and the Union to proceed with their termination agreement. If you have any further questions, please contact * * * the attorney assigned to this matter.

Henry Rose
General Counsel