

Pension Benefit Guaranty Corporation

83-6

February 10, 1983

REFERENCE:

[*1] 4022 Benefits Guaranteed

OPINION:

Thank you for your recent telephone call regarding the Pension Benefit Guaranty Corporation's (the "PBGC") treatment of certain provisions of the * * * Pension Plan under Title IV of the Employee Retirement Income Security Act of 1974 (as amended 1980).

You expressed concern about the PBGC's application of the provisions of the * * * Plan that provide for credited service for a period after an active employee is laid off. The PBGC guarantees all benefits that are nonforfeitable on the date of termination. Section 4022 of ERISA, 29 U.S.C. § 1322; 29 C.F.R. § § 2613.3(a) and 2613.6. Accordingly, the PBGC insures, subject to other generally applicable limitations and phaseins, benefits that accrue after layoff up to the date of termination. Benefits that would have accrued after termination are not insured.

In our conversation, you vividly set out the hardship and suffering that the * * * bankruptcy will have on many of the * * * employees. We share your concerns and we will do everything possible within the rules, regulations, and law to help diminish the impact of these unfortunate circumstances.

We trust this response will assist you in responding [*2] to your constituents. Should you or your staff have any questions regarding this matter, please contact me (254-4864) or * * *, the attorney handling this case (254-7224).

Henry Rose
General Counsel