

Pension Benefit Guaranty Corporation

75-14

January 15, 1975

REFERENCE:

[\*1] 4021(a) Plans Covered. Requirements of Coverage

OPINION:

This is in response to your letter of December 11, 1974 requesting an opinion regarding the coverage status of the \* \* \* Plan.

In your letter and in your telephone conversation with Mr. \* \* \* of our staff you stated that the plan is unfunded, i.e., benefits are paid from current corporate revenues rather than by contribution on behalf of working employees to a trust or insurance company. You have additionally stated that the plan is not maintained by means of a trust nor are annuities purchased for the retirees. Such a plan does not meet the requirement of Section 401(a) or Section 404(a)(2) of the Internal Revenue Code and consequently does not meet the coverage requirements of Title IV of the Employee Retirement Income Security Act. See Act, Section 4021(a).

Due to the fact that the plan is not covered under Section 4021(a) of the Act, the provisions of subtitle C are inapplicable.

We hope this is of assistance.

Henry Rose  
General Counsel