

Pension Benefit Guaranty Corporation

79-7

April 17, 1979

REFERENCE:

4022(b)(8). Benefits Guaranteed. Five Year Phase-in of Guarantee.
29 CFR 2621 Limitation on Guaranteed Benefits

OPINION:

This is in response to your request for the opinion of the Pension Benefit Guaranty Corporation (the "PBGC") regarding the interpretation of the PBGC regulation on Limitation on Guaranteed Benefits, 29 C.F.R. Part 2609, as they apply to early retirement benefits. Specifically, you have suggested that the \$20 per month minimum benefit increase phase-in should be actuarially reduced for participants retiring before the normal retirement date.

The PBGC does not believe that the \$20 minimum phase-in is subject to actuarial adjustment for age of benefit commencement. Such a reduction was considered during the development of the regulation, but since Section 4022(b)(8) of the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1322(b)(8) (the section on which the phase-in rule and \$20 minimum are based) provides for no such actuarial adjustment, a rule providing for an unadjusted \$20 minimum was adopted. See 29 C.F.R. § 2609.6(b)(2).

I hope this answers your question in this matter.

Henry Rose
General [*2] Counsel