

Pension Benefit Guaranty Corporation

76-28

February 24, 1976

REFERENCE:

[*1] 4021(b)(1). Plans covered. Individual Account Plans

OPINION:

This is in response to your January 22, 1976 letter requesting a determination as to whether "the above-named Plan * * * /is exempt from payment of the [Title IV] insurance premium. * * *"

A careful examination of the Plan reveals that it provides benefits on the basis of the amounts that have been contributed to a participant's account and the gains and losses that have been allocated to that account. However, the Plan also has a defined benefit feature; it provides for a benefit that is not determined on the basis of the amounts in an individual's account. I should like to draw your attention to page twelve of the Restated Plan which states that:

* * * "PROVIDED, HOWEVER, that the dollar value of a Member's vested interest in his terminal balance shall not be less than the actuarial value of the Member's vested deferred retirement income to which the Member would have been entitled under the Prior Plan at the date of termination of employment."

Since the above quoted section of the Plan provides for a minimum benefit that is not determined by the amount that is in a participant's account upon retirement or termination of employment, [*2] the Plan cannot be considered an "individual account plan" and the premiums imposed by Title IV must be paid.

Should you have any further questions on this matter, please feel free to call me. I hope you've recovered from the blizzard and the flu.