

THE EDUCATION AND EXAMINATION COMMITTEE  
OF THE  
SOCIETY OF ACTUARIES

COURSE EA-2, SEGMENT B, STUDY NOTE

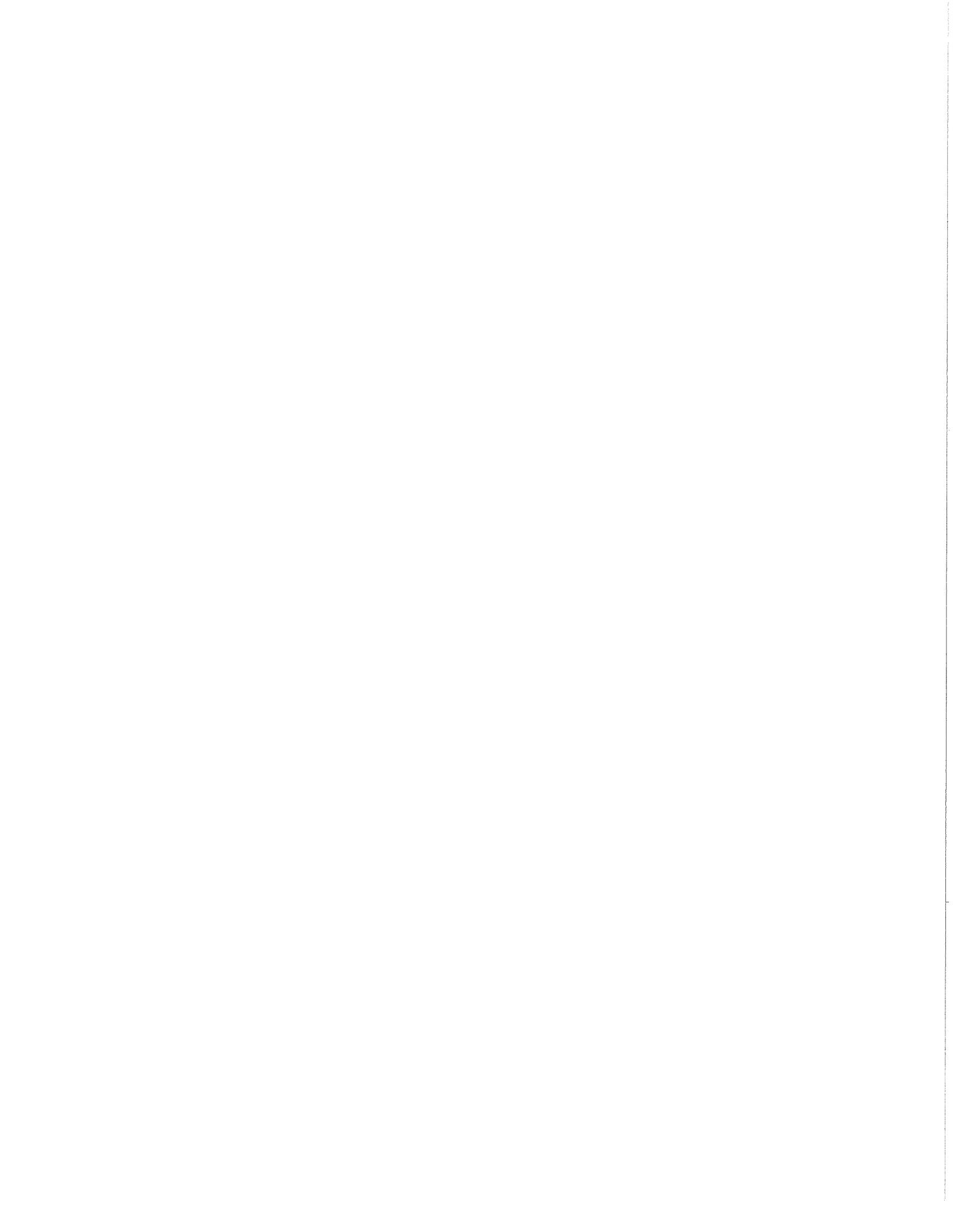
**UPDATE TO E2B-24-96**

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The Education and Examination Committee provides study notes to persons preparing for the examinations of the Society of Actuaries. They are intended to acquaint candidates with some of the theoretical and practical considerations involved in the various subjects. While varying opinions are presented where appropriate, limits on the length of the material and other considerations sometimes prevent the inclusion of all possible opinions. These study notes do not, however, represent any official opinion, interpretations or endorsement of the Society of Actuaries or its Education and Examination Committee. The Society is grateful to the authors for their contributions in preparing the study notes.

**E2B-44-99**

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## Reorganization, Renumbering, and Reinvention of PBGC Regulations

On July 1, 1997, PBGC issued revised regulations. The following pages contain the preamble to the revised regulations and two tables from the new regulations. The preamble gives the rationale for the changes made. The tables are a cross reference between the new and old regulation numbers.

SUPPLEMENTARY INFORMATION: The PBGC is renumbering and reorganizing its regulations to make it easier for practitioners and the public to research and use the rules under Title IV of the Employee Retirement Income Security Act of 1974. Under the new approach, the regulations will be numbered to track the statutory sections they implement.

On July 8, 1994 (at 59 FR 35067), the PBGC published a notice in the Federal Register inviting public comment on a proposal to reorganize and renumber its regulations to track Title IV. No comments were received.

On March 4, 1995, the President issued his Regulatory Reinvention Initiative, directing Federal agencies to eliminate or revise those regulations that are outdated or otherwise in need of reform. The PBGC is reorganizing, renumbering, and reinventing its regulations. The reinvention is limited to nonsubstantive corrections and clarifications and deletion of material that is unnecessary or that has been substantially superseded (or is no longer applicable).

For example, the reinvented regulations omit existing provisions dealing with the allocation of residual assets (part 2618, subpart C) because these provisions were largely superseded by changes in section 4044(d) of ERISA made by the Pension Protection Act of 1987. Similarly, the provision regarding interest rate assumptions for paying lump sums (existing Sec. 2619.26(b)(2)) has been eliminated because of changes in section 417(e)(3) of the Internal Revenue Code and section 205(g)(3) of ERISA made by the Retirement Equity Act of 1984, the Tax Reform Act of 1986, and the Retirement Protection Act of 1994.

To clarify the rules on missing participants in terminating plans, nonsubstantive language changes have been made in the missing participants regulation (existing part 2629, new part 4050), related sections in the termination regulations (existing parts 2616 and 2617, new part 4041), and in the definition of "distribution date" in new Sec. 4001.2.

The new regulation on premium rates (part 4006, which contains portions of existing part 2610) omits the variable-rate premium cap reduction rules (which have expired) and the cap rules themselves (repealed by the Retirement Protection Act of 1994). The rule reflects new provisions in the Retirement Protection Act of 1994 dealing with regulated public utility plans.

In some cases, provisions that may have been partially superseded by statutory changes have been retained pending revision--for example, the regulation on allocation of assets in terminating single-employer plans (renumbered part 4044). A note at the beginning of part 4044 and reminders within the part alert readers that some regulatory material republished in part 4044 must be read in the light of these other changes in the law.

The PBGC welcomes public comment on this rule to correct any editorial errors--e.g., in cross-references--that may have been overlooked due to the magnitude of the revision project.

Under this final rule, the PBGC's regulations will be moved from chapter XXVI to chapter XL of title 29 of the CFR. Sections will be numbered in the 4000's. Part 4000 consists of finding aids--tables correlating provisions of old chapter XXVI and new chapter XL. Part 4001 contains definitions of terms used throughout the PBGC's regulations. A table of contents showing the rest of the new structure, along with the full text of the revised regulations, is set forth below.

Sec. 4000.1 Distribution table.

The following table shows where in chapter XL of 29 CFR to find regulations previously codified in chapter XXVI.

Ch. XXVI Part	Subpart(s)/Section(s)	Ch. XL Part(s)/Subpart(s) Subpart(s)/Section(s)
----- Subchapter A--Internal and Administrative Rules -----		
2601.....		4002
2602:		
Subpart A.....		4904
Subpart B.....		4905
2603.....		4901
2604.....		Repealed
2606.....		4003
2607.....		4902
2608.....		4907
2609.....		4903
----- Subchapter B--Rules Applicable to Single-Employer and Multiemployer Plans -----		
2610.....		4006 & 4007
Secs. 2610.1, 2610.21, 2610.31....		Secs. 4006.1 & 4007.1
Secs. 2610.2.....		Secs. 4006.2 & 4007.2
Secs. 2610.3-2610.9 & 2610.11....		4007
Sec. 2610.10.....		4006.5(e)
Secs. 2610.22-2610.24 & 2610.33...		4006
Secs. 2610.25, 2610.26 & 2610.34..		4007
2611.....		4065
2612.....		4001
2613.....		4022, Subpart A
----- Subchapter C--Single-Employer Plans -----		
2615.....		4043
2616.....		4041
Subpart A.....		Subpart A
Subpart B.....		Subpart C
2617.....		4041
Subpart A.....		Subpart A
Subpart B.....		Subpart B
2618.....		4044, Subpart A
2619.....		4044, Subpart B
2620.....		4044, Subpart B
2621 (except Sec. 2621.3(b)).....		4022, Subpart B
2621.3(b).....		4022B
2622 (except 2622.9).....		4062
Sec. 2622.9.....		4068
2623.....		4022, Subparts D & E
2625.....		4047
2627.....		4011
2628.....		4010

2629..... 4050

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Subchapter F--Withdrawal Liability in Multiemployer Plans  
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2640:

Sec. 2640.2.....	Sec. 4001.2
Sec. 2640.3.....	Sec. 4221.2
Sec. 2640.4.....	Sec. 4211.2
Sec. 2640.5.....	Sec. 4204.2
Sec. 2640.6.....	Sec. 4207.2, 4208.2
Sec. 2640.7.....	Sec. 4219.2
Sec. 2640.8.....	Sec. 4206.2
2641.....	4221
2642.....	4211
2643.....	4204
2644.....	4219, Subpart C
2645.....	4203
2646.....	4208
2647.....	4207
2648.....	4219, Subpart B
2649.....	4206

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Subchapter H--Other Rules Applicable to Multiemployer Plans  
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2670:

Sec. 2670.2.....	Sec. 4001.2
Sec. 2670.3.....	Sec. 4231.2
Sec. 2670.4.....	Secs. 4041A.2, 4245.2, & 4281.2
2672.....	4231
2673.....	4041A, Subpart B, & 4041A.3(a)
2674.....	4245
2675.....	4041A, Subparts C & D, & 4281, Subparts C & D
2676.....	4281, Subpart B
2677.....	4220

Sec. 4000.2 Derivation table.

The following table shows where in previous chapter XXVI of 29 CFR to find regulations now codified in chapter XL.

Ch. XL Part	Subpart/Section(s)	Ch. XXVI Part(s)	Subpart/ Section(s)
----- Subchapter A--General -----			
4000.....		[Tables]	
4001.....		2612 (and various statutory and regulatory definitions)	
4002.....		2601	
4003.....		2606	
----- Subchapter B--Premiums -----			
4006.....		2610	
4007.....		2610	
----- Subchapter C--Certain Reporting and Disclosure Requirements -----			
4010.....		2628	
4011.....		2627	

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Subchapter D--Coverage and Benefits  
-----

4022:	
Subpart A.....	2613
Subpart B.....	2621 (except Sec. 2621.3(b))
Subparts D & E.....	2623
4022B.....	Sec. 2621.3(b)

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Subchapter E--Plan Terminations  
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4041:	
Subpart A.....	Secs. 2616 & 2617, Subparts A
Subpart B.....	2617, Subpart B
Subpart C.....	2616, Subpart B
4041A:	
Subpart A.....	Secs. 2670.4, 2673.1, 2673.4, 2675.1 & 2675.2
Subpart B.....	Secs. 2673.2 & .3
Subparts C & D.....	2675, Subparts B & E
4043.....	2615
4044.....	2618, 2619 & 2620
4047.....	2625
4050.....	2629

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Subchapter F--Liability  
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4061.....	[cross-references]
4062.....	2622 (except Sec. 2622.9)
4063.....	[cross-references]
4064.....	[cross-references]

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Subchapter G--Annual Reporting Requirements  
-----

4065.....	2611
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Subchapter H--Enforcement Provisions  
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4067.....	[cross-reference]
4068.....	2622.9
4071.....	[new]

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Subchapter I--Withdrawal Liability in Multiemployer Plans  
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4203.....	2645
4204.....	2643 & Sec. 2640.5
4206.....	2649 & Sec. 2640.8
4207.....	2647 & 2640.6
4208.....	2646 & 2640.6
4211.....	2642 & 2640.4
4219:	
Subpart A.....	Sec. 2640.7
Subpart B.....	2648
Subpart C.....	2644
4220.....	2677
4221.....	2641 & Sec. 2640.3

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Subchapter J--Insolvency, Reorganization, Termination, and Other Rules  
Applicable to Multiemployer Plans  
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4231.....	2672 & Sec. 2670.3
4245.....	2674 & 2670.4
4261.....	[cross-reference]
4281:	

Subpart A.....	2675, Subpart A, & 2670.4
Subpart B.....	2676
Subpart C.....	2675, Subpart C
Subpart D.....	2675, Subpart D

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Subchapter K--Multiemployer Enforcement Provisions  
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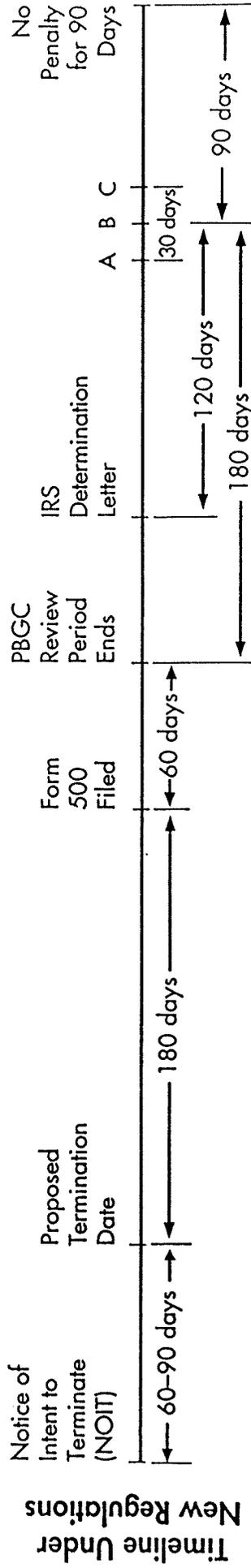
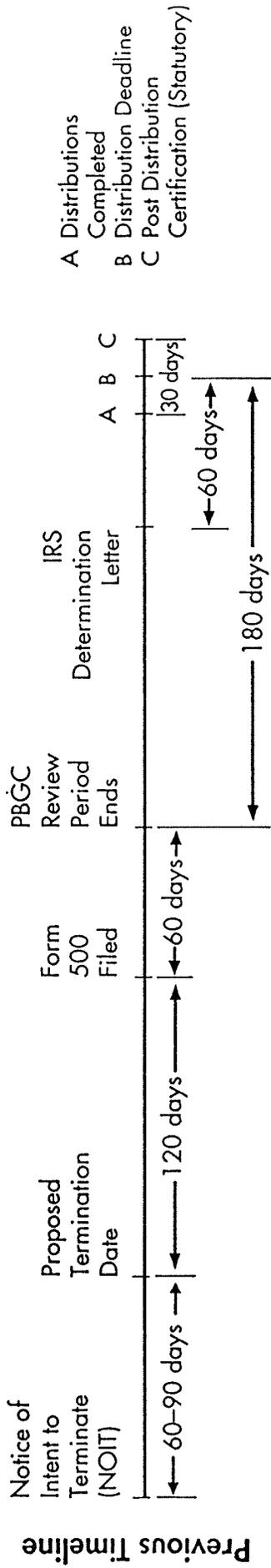
4301.....	[new]
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Subchapter L--Internal Administrative Rules and Procedures  
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4901.....	2603
4902.....	2607
4903.....	2609
4904.....	2602, Subpart A
4905.....	2602, Subpart B
4907.....	2608

On November 11, 1997, PBGC issued final regulations that provide increased flexibility for the process of a standard termination of a single employer pension plan. A termination is standard when the plan has sufficient assets to satisfy all plan benefits. The changes are generally effective for plans with a date of plan termination of January 1, 1998 or later. Some provisions apply to plans with earlier termination dates. The attached chart compares the new and old timelines for the standard termination process for single employer plans.

# Standard Termination Process for Single-Employer Plans



**APPENDIX C**  
**PBGC INFORMATION TELEPHONE NUMBERS**

FOR FURTHER INFORMATION REGARDING	CALL THE FOLLOWING	PHONE	EXT.
Interest rate hotline	(Recording)	202 / 326-4041	-
Actuarial questions	Joan Weiss	202 / 326-4100	6840
Coverage questions	Coverage & Inquiries Branch	202 / 326-4000	-
Distress termination	Harvey Lebson	202 / 326-4050	3247
	Robert Joy	202 / 326-4100	3338
Legal inquiries	Office of General Counsel	202 / 326-4020	-
<b>PREMIUMS</b>			
Billing/status	Premium Operations Division	202 / 326-4067	-
Request copies of Form 1		703 / 827-3676	-
Problems	Diane Morstein	202 / 326-4136	-
Rules/regulations	Harold Ashner	202 / 326-4024	3065
<b>STANDARD TERMINATIONS</b>			
General	Coverage & Inquires	202 / 326-4000	-
Case related	Standard Processing Div.	202 / 326-4000	-
Problems	Anna L. Gilreath	202 / 326-4000	3475
Audits	George Williams	202 / 326-4000	3272
Missing participants program	Suzanne LaPiana	202 / 326-4100	3215
Multiemployer questions	Robert Rideout	202 / 326-4000	3357
Reportable events	Robert Joy	202 / 326-4014	3338
Participant problems in trustee plans	Ondrea Gill	202 / 326-4006	-
To request copies of forms 500, 501, 600, 601, 200		202 / 326-4000	-
All other general inquiries		202 / 326-4000	-