

Pension Benefit Guaranty Corporation

77-173

December 23, 1977

REFERENCE:

[*1] 4063 Liability of Substantial Employer for Withdrawal
4063(a) Liability of Substantial Employer for Withdrawal. Notice of Withdrawal of Substantial Employer
4063(b) Liability of Substantial Employer for Withdrawal. Amount of Employer Liability
4062 Liability of Employer in Single Employer Plans

OPINION:

This concerns the withdrawal of * * * (the "Company") from * * * (the "Plan"), a plan to which more than one employer contributes. The Company was a substantial contributing employer, as defined in Section 4001 of the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. § 1301. Consequently, the Company's withdrawal is subject to Section 4063 of ERISA, 29 U.S.C. § 1363.

Section 4063(a) of ERISA, 29 U.S.C. § 1363(a), requires the Pension Benefit Guaranty Corporation (the "PBGC") to determine such a withdrawing employer's liability for any plan asset insufficiency. Liability is to be determined pursuant to Sections 4062 and 4063(b) of ERISA, 29 U.S.C. §§ 1362 and 1363(b).

With information submitted by * * *, the Plan's administrator, the PBGC has determined that had the Plan terminated the day the Company withdrew, Plan assets would have been insufficient to pay the Plan [*2] benefits guaranteed under Title IV of ERISA. At that time, the amount of the Plan asset insufficiency was * * *. In accordance with Section 4063(b) of ERISA, 29 U.S.C. § 1363(b), the Company's allocable share of the Plan asset insufficiency has been determined to be * * *

Consequently, Section 4063 requires that the Company provide appropriate security for its share of the Plan's insufficiency, as of the date of withdrawal, to be held for five years against the eventuality of the Plan's termination within such period after the date of withdrawal. A PBGC representative will be in contact with you to make arrangements for compliance with this requirement.

If you have any questions, please address them to * * * the case officer assigned to this matter, who may be reached at * * * or at the above address.

Henry Rose
General Counsel