



**1997**  
**PREMIUM PAYMENT PACKAGE**  
**PENSION BENEFIT GUARANTY CORPORATION**

**This Package Contains:**

PBGC Form 1  
Schedule A  
1997 Instructions

To All Plan Administrators:

Enclosed are the forms and instructions for 1997 premium payments. As pledged in our Customer Service Plan, we are issuing the package seven months before each plan's final filing due date.

Each plan requires a separate Form 1 and a separate check. All premium filings and payments, whether for 1997 or an earlier year, must be sent to our current filing address (see page iii).

These forms are designed to be read by computer. Please print information clearly within the boxes. The Pension Benefit Guaranty Corporation can accept only the original specially printed forms in this package or PBGC-approved forms created with software. We cannot accept photocopies of the forms.

Several changes affect premium payments for 1997 plan years. They are:

Phase-out of Variable Rate Premium Cap

- The per-participant variable-rate premium cap is eliminated.

Increase in Required Interest Rate for Plan Years Beginning On or After July 1, 1997

- The required interest rate for determining unfunded vested benefits for plan years beginning before July 1, 1997, remains at 80% of the annual yield for 30-year Treasury securities. For plan years beginning on or after July 1, 1997, the Retirement Protection Act increased the required interest rate from 80% to 85% of the Treasury rate. (See page 21 on how to obtain interest rate information.)

New Policy on Late Payment of Premiums

- The PBGC has adopted a new late-payment penalty policy effective for plan years beginning on or after January 1, 1996. Under the new policy, late-payment penalties generally will be lower for plans that correct underpayments before the PBGC issues a written notice that there is or may be a premium delinquency. For plan years beginning before 1996, PBGC will provide penalty relief for plans that contact PBGC by April 30, 1997. (See page 9.)

Regulated Public Utility Plans

- See pages 2 and 21.

Thank you for your cooperation.

*Martin Slate*

Martin Slate  
Executive Director  
Pension Benefit Guaranty Corporation

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## **Pension Benefit Guaranty Corporation**

### **Customer Service Plan for Plan Administrators**

#### **What is Our Mission?**

The mission of the Pension Benefit Guaranty Corporation (PBGC) is to operate as a service-oriented, professionally managed agency that protects participants' pension benefits and supports a healthy retirement plan system. We seek to make the maximum use of resources and maintain premiums and operating costs at the lowest levels consistent with statutory responsibilities.

#### **Who Are Our Customers and What Services Do We Provide?**

As a plan administrator of a pension plan that pays premiums to PBGC, you are one of PBGC's principal customers.

In administering the premium collection program, we:

- Collect premiums from covered plans;
- Issue annual premium forms and instructions packages;
- Answer questions from plan administrators, sponsors, and practitioners about premium payments;
- Process premium related requests, including requests for refunds and administrative changes;
- Issue past due filing notices and statements of account, as appropriate;
- Make decisions on requests for reconsideration of agency determinations in the premium administration area.

Of course our dealings with plan administrators, plan sponsors, and pension practitioners go beyond premium collections. Should a defined benefit pension plan terminate, as either a standard or a distress termination, you have dealings with the PBGC to bring the case to closure.

#### **Priority Areas and Actions for Improving Services**

To develop customer service standards, PBGC first asked frontline employees what premium payers want and expect from PBGC. We used that information to conduct several focus groups of premium payers that identified problems, concerns, and expectations of importance to those we are in business to serve—the premium payers. The customer service standards PBGC commits to were derived directly from what our customers told us. Based on that same customer feedback, we have also made changes to how premium penalties are calculated.

We will periodically survey our customers to see how well we are meeting these customer service standards. If you are contacted as part of the survey, please take a few minutes to respond so that we know how we are doing and can make necessary changes and improvements to serve you better.

We also will continue to compare how we deliver services to our customers with other organizations in government and business that perform similar services. This “benchmarking” is a way of continually improving service delivery by actively looking for those who do it better and following their example.

#### **Standards** *This is our pledge to you, our customer:*

- We will mail the PBGC Form 1 package seven months in advance of each plan's filing due date.
- We will return your phone call within 24 hours. If we cannot immediately resolve the issue you called about, we will tell you when you can expect it to be resolved, and we will give you the name and number of the responsible person.
- When you ask for reconsideration of the imposition of a premium penalty, we will acknowledge receipt of your request within 1 week. We will tell you when to expect a response and include the name and number of a contact person.
- A Problem Resolution Officer will serve as the focal point for complaints from premium payers and their representatives.

Last year PBGC revised its policy on penalties for failure to provide required information (e.g., notices involving standard terminations and reportable events, and notifications to participants of underfunded plans) in a timely manner, resulting in lower penalties for plans of smaller businesses and for violations that are speedily corrected. This policy has now been extended to the premium area. PBGC has also adopted a new late payment policy effective beginning with premium payments for the 1996 plan year that will result in generally lower late payment penalties for plans that correct underpayments before PBGC issues a written notice that there is or may be a premium delinquency. We are continuing our review of the standard termination regulation to address the various problems filers have reported to us, including the time periods for filing.

#### **Questions or Complaints**

If you have a premium-related question or request, please contact us at (703) 827-3676.

If you have a complaint about the service you have received or still need assistance after calling (703) 827-3676, please contact:

Pension Benefit Guaranty Corporation  
Problem Resolution Officer (Premiums)  
1200 K Street, NW (Suite 670)  
Washington, DC 20005-4026  
Phone: (202) 326-4136  
Email: [premiums.pro@pbgc.gov](mailto:premiums.pro@pbgc.gov)

When you write to us, include a telephone number where you can be reached and we will try to respond to you by telephone.

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**Send Your Premium Filing and Check to:**

Pension Benefit Guaranty Corporation  
P.O. Box 64880  
Baltimore, MD 21264-4880

For further information, see Part D - ADDRESSES.

If you are correcting a filing, see Part E - HOW TO CORRECT A FILING

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### **Reminder to Plan Administrators About 1997 Participant Notice**

The plan administrator of a single-employer plan that pays a variable-rate premium for the 1997 plan year may be required to issue a 1997 participant notice about the plan's funding status and the limits on the PBGC's guarantee of benefits. The 1997 participant notice is due two months after the 1996 Form 5500 due date, including extensions (i.e., during the 1997 plan year).

**EXEMPTIONS:** A plan that meets the Deficit Reduction Contribution Exception Test for the 1996 or 1997 plan year is exempt from having to provide the 1997 participant notice. Most new and newly-covered plans are also exempt.

See section 4011 of ERISA and the PBGC's regulation on *Disclosure to Participants* (29 CFR Part 4011—formerly Part 2627).

### **Reminder to Single-Employer Plans About Reportable Events**

The plan administrator or contributing sponsor may have to notify the PBGC about certain events:

- 20% reduction in active participants
- Failure to make minimum funding payments
- Inability to pay benefits when due
- Excess distributions to a substantial owner within a 12-month period
- Transfer of 3% or more of benefit liabilities outside the controlled group
- Application for minimum funding waiver
- Transaction involving a change in contributing sponsor or controlled group
- Liquidation or dissolution of a contributing sponsor or a controlled group member
- Declaration of an extraordinary dividend or stock redemption
- Loan default
- Bankruptcy, insolvency, or similar settlements with creditors

In most cases, notice is required within 30 days after the plan administrator or contributing sponsor knows or has reason to know that an event has occurred. In certain cases involving privately-held companies or controlled groups whose pension plans have aggregate unfunded vested benefits of more than \$50 million, the contributing sponsor (but not the plan administrator) must notify the PBGC 30 days before the effective date of certain events. See section 4043 of ERISA as amended by section 771 of the Retirement Protection Act of 1994 (RPA) and PBGC's regulation on Reportable Events and Certain Other Notification Requirements (29 CFR Part 4043—formerly Part 2615). Failure to give PBGC timely notice may result in assessment of penalties under section 4071 of ERISA.

NOTE: The PBGC recently adopted amendments to its Reportable Events regulation (61 Federal Register 63988, December 2, 1996). The amendments address when a reportable event occurs, when reporting is waived or the reporting date is extended, and what information is required. The PBGC also issued new forms for notifying PBGC that a reportable event has occurred.

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## CONTACT POINTS

1. Mail Form 1 and Form 1-ES with your premium payment(s) to:

Pension Benefit Guaranty Corporation  
P.O. Box 64880  
Baltimore, MD 21264-4880

or use a delivery service to send Form 1 and Form 1-ES with your premium payment(s) to:

First National Bank of Maryland  
110 South Paca Street  
Mail Code: 109-320/Lockbox #64880  
Baltimore, MD 21201

The two addresses listed above also apply to amended premium filings.

2. For general premium-related inquiries, including requests for forms, assistance on filing forms, and address changes:

*Call* ..... (703) 827-3676  
*Fax* ..... (703) 827-3762  
*TTY/TDD* ..... (202) 326-4179

or write to:

Pension Benefit Guaranty Corporation  
P.O. Box 64916  
Baltimore, MD 21264-4916

3. For requests for reconsideration of a premium penalty assessment (on a statement of account) or for requests for refunds (that are not submitted via premium filing forms), write to:

Pension Benefit Guaranty Corporation  
P.O. Box 64916  
Baltimore, MD 21264-4916

4. For current interest rate information:

*Call* ..... (202) 326-4041

or write to:

Pension Benefit Guaranty Corporation  
CPAD  
1200 K Street, NW  
Washington, DC 20005-4026

5. To contact the National Technical Information Service, which provides Required Interest Rates and other PBGC interest rates through a subscription service:

*Call* ..... (703) 487-4630  
*Fax* ..... (703) 321-8547  
*Order #* ..... SUB-9244

or write to:

U.S. Department of Commerce  
National Technical Information Service  
5285 Port Royal Road  
Springfield, VA 22161

6. For assistance on coverage determination or plan termination:

*Call* ..... (202) 326-4000  
*TTY/TDD* ..... (202) 326-4179

or write to:

Pension Benefit Guaranty Corporation  
Insurance Operations Department  
Standard Termination Compliance Division  
ARTAB Suite 930  
1200 K Street, NW  
Washington, DC 20005-4026

7. If you have a complaint about the service you have received or still need assistance after calling our general premium telephone number listed in item 2 (703-827-3676), please contact the Problem Resolution Officer (Premiums):

*Call* ..... (202) 326-4136  
*Email* ..... [premiums.pro@pbgc.gov](mailto:premiums.pro@pbgc.gov)

or write to:

Pension Benefit Guaranty Corporation  
Problem Resolution Officer (Premiums)  
Suite 670  
1200 K Street, NW  
Washington, DC 20005-4026

8. Any vendor requesting approval of automated forms may send a sample (including 3 original forms) to:

Pension Benefit Guaranty Corporation  
P.O. Box 64916  
Baltimore, MD 21264-4916

**PBGC telephone numbers are not toll free numbers and collect calls cannot be accepted.**

**1997 Premium Payment Package**  
Pension Benefit Guaranty Corporation  
How To Complete PBGC Premium Payment Forms

**PAPERWORK REDUCTION ACT NOTICE**

We need this information to determine the amount of premium due to the PBGC under Title IV of ERISA and to monitor single-employer plans' compliance with the participant notice requirement in ERISA section 4011 and 29 CFR Part 4011—formerly Part 2627. You are required to give us this information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. OMB has approved this collection of information under control number 1212-0009. Confidentiality is that supplied by the Privacy Act and the Freedom of Information Act.

The estimated times needed to complete and file the Form 1 and, for single-employer plans, Schedule A are listed below. These times are averages for the plans in each of the listed categories. These times will vary depending on the circumstances of a given plan.

<b>FORM AND PLAN TYPE</b>	<b>AVERAGE TIME</b>
<b><u>Form 1 and Schedule A (Single-Employer Plans)</u></b>	
Plans with Under 500 Participants	
Fully funded	29,400 plans 1.0 hour
Underfunded	13,400 plans 1.7 hours
Plans with 500 or More Participants	
Fully funded	4,900 plans 1.0 hour
Underfunded	2,300 plans 5.1 hours
<b><u>Form 1 (Multiemployer Plans)</u></b>	2,000 plans 0.5 hour

If you have comments concerning the accuracy of these time estimates or suggestions for making the forms simpler, please send your comments to Pension Benefit Guaranty Corporation, Office of the General Counsel, Suite 340, 1200 K Street, NW, Washington, DC 20005-4026.

# Contents

<b>Customer Service Plan for Plan Administrators</b> .....	<b>ii</b>
<b>Reminders</b> .....	<b>iv</b>
<b>Contact Points</b> .....	<b>v</b>
<b>Part A INTRODUCTION</b> .....	<b>1</b>
1. What Is PBGC Form 1? .....	1
2. Definitions .....	1
3. Recordkeeping Requirements; PBGC Audits .....	2
<b>Part B WHO MUST FILE</b> .....	<b>3</b>
1. General Rule .....	3
2. Terminating Plans .....	3
<b>Part C WHEN TO FILE</b> .....	<b>4</b>
1. General Rule .....	4
2. Plans Filing For The First Time .....	5
3. Plans Filing For The Second Time .....	5
4. Plans Changing Plan Years .....	6
5. Saturday, Sunday, And Federal Holiday .....	6
6. Postmark Date Is Controlling .....	6
7. Relationship Between Form 1 And Form 5500 Series .....	6

<b>Part D ADDRESSES .....</b>	<b>7</b>
1. Where To File Form 1 And Form 1-ES .....	7
2. Where To Obtain Form 1 And Form 1-ES .....	7
3. Where To Get Help In Filing The Form 1 Or Form 1-ES .....	8
4. Where To Get A Coverage Determination .....	8
<b>Part E HOW TO CORRECT A FILING .....</b>	<b>8</b>
1. Check Without A Form 1 Or Form 1-ES .....	8
2. Form Without A Check .....	8
3. Amended Filing—Premium Underpayment .....	8
4. Amended Filing—Premium Overpayment .....	8
5. How To Correct An Address .....	8
<b>Part F LATE PAYMENT CHARGES .....</b>	<b>9</b>
1. Interest Charges .....	9
2. Penalty Charges .....	9
3. PBGC Waivers .....	10
4. IRS Extension For Form 5500 .....	10
5. Minimizing Late Payment Charges .....	10
<b>Part G ITEM-BY-ITEM INSTRUCTIONS FOR FORM 1 .....</b>	<b>10</b>
<b>Part H GENERAL INSTRUCTIONS FOR SCHEDULE A .....</b>	<b>15</b>
1. General Requirements .....	15
2. Failure To File Schedule A .....	15
3. Computation Date For The Variable Rate Premium .....	15
4. Filing Methods .....	16
5. Requirements For Filing Method Selection .....	16
a. General Rule .....	16
b. Alternative Calculation Method .....	17
c. Plans Exempt From Variable Rate Premium .....	18
(i) Plans With No Vested Participants .....	18
(ii) Section 412(i) Plans .....	18
(iii) Fully Funded Small Plans .....	18
(iv) Plans Terminating In Standard Terminations .....	19
(v) Plans At The Full Funding Limit .....	19
d. Plans Terminating In Distress Or Involuntary Terminations .....	20
e. Small Regulated Public Utility Plans Paying Maximum Variable Rate Premium .....	20
6. Significant Events .....	20
7. Required Interest Rate For Valuing Vested Benefits .....	21
8. Certification Of Plan Administrator .....	22
<b>Part I LINE-BY-LINE INSTRUCTIONS FOR SCHEDULE A .....</b>	<b>22</b>
Subpart 1 General Rule .....	23
Subpart 2 Alternative Calculation Method .....	25
Subpart 3 No Vested Participants .....	29
Subpart 4 Section 412(i) Plans .....	29
Subpart 5 Fully Funded Small Plans .....	29
Subpart 6 Standard Terminations .....	29
Subpart 7 Plans At The Full Funding Limit .....	29
Subpart 8 Plans Terminating In Distress Or Involuntary Terminations .....	30
Subpart 9 Small Regulated Public Utility Plans Paying Maximum Variable Rate Premium .....	31
<b>APPENDIX A Optional Substitution Factors for the term “94<sup>(RIR - BIR)</sup>” .....</b>	<b>32</b>
TABLE A .....	32
TABLE B .....	33
<b>APPENDIX B Codes for Principal Business Activity and Principal Product or Service.....</b>	<b>34</b>
<b>VARIABLE RATE WORKSHEET .....</b>	<b>37</b>
<b>REQUIRED INTEREST RATE WORKSHEET .....</b>	<b>38</b>
<b>BULK MAILING ORDER FORM .....</b>	<b>39</b>

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## Part A INTRODUCTION

### 1. What Is PBGC Form 1?

The Form 1 (including Schedule A to Form 1) is a form used to pay premiums to the Pension Benefit Guaranty Corporation (PBGC) as required by sections 4006 and 4007 of the Employee Retirement Income Security Act, as amended (ERISA), and the PBGC's premium regulations (29 CFR Parts 4006 and 4007—previously designated Part 2610).

The 1997 Premium Payment Package forms are in Optical Character Recognition (OCR) format. This will enable PBGC to process your plan information quickly and accurately. For this reason, we cannot accept photocopies of the forms. PBGC will accept the original forms provided in this package or forms provided by a vendor that has received PBGC approval for an automated (computer generated) version of the form. The OCR process requires that you print data clearly within the boxes provided on the forms.

Any vendor requesting approval of automated forms may send a sample to Pension Benefit Guaranty Corporation, P.O. Box 64916, Baltimore, MD 21264-4916. Include 3 original forms produced by your software and a brief note requesting PBGC review of the forms.

The Form 1-ES (which is issued in a separate booklet) is used by all plans that reported 500 or more participants on their 1996 PBGC Form 1 to make their initial 1997 premium payments (only the flat rate premium for single-employer plans) and permits the initial premium calculations to be based on an estimated participant count. These plans use the Form 1 to make a subsequent reconciliation filing based on an actual participant count and, for single-employer plans, to pay the variable rate premium. (NOTE: If all the information needed to file Form 1 is known before the First Filing Due Date, you may file a Form 1 instead of a Form 1-ES. If you file a Form 1-ES, you will still be required to file a Form 1 by the Final Filing Due Date.) Plans with fewer than 500 participants for the prior filing year file the Form 1 only, with their total premium payment, by the Final Filing Due Date.

It is the responsibility of the plan administrator to obtain and complete the Form 1 and Form 1-ES, as applicable, and make the premium payment each year. Any signatures or initials required from the plan administrator or enrolled actuary must be filed in original form. The instructions in this booklet describe how to complete Form 1 and make the premium payment due.

### 2. Definitions

In these instructions—

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended (29 U.S.C. 1001, et seq.).

“Code” means the Internal Revenue Code of 1986, as amended.

“First Filing Due Date” means the last day of the 2nd full calendar month following the close of the preceding plan year, except that, in the case of plans changing plan years, it is the later of the last day of the 2nd full calendar month following the close of the preceding plan year or 30 days following the date on which a plan amendment changing the plan year was adopted. See Part C for plans that must file a Form 1-ES on a “First Filing Due Date.”

“Final Filing Due Date” means the 15th day of the 8th full calendar month following the month in which the plan year began except:

a. In the case of plans filing for the first time it is the latest of the following dates—

(i) the 15th day of the 8th full calendar month following the month in which the plan year began, or if later, in which the plan became effective for benefit accruals for future service,

(ii) 90 days after the date of the plan's adoption, or

(iii) 90 days after the date on which the plan became covered under ERISA section 4021.

b. In the case of plans changing plan years, it is the later of the 15th day of the 8th full calendar month following the month in which the plan year began, or 30 days after the date on which a plan amendment was adopted changing the plan year.

See Part C for plans that must file a Form 1 on a “Final Filing Due Date.”

“Filing Due Date” means either the First Filing Due Date or the Final Filing Due Date defined above.

“Form 1” means the Annual Premium Payment Form 1 issued by the PBGC and includes, for single-employer plans, the Schedule A.

“Form 1-ES” means the Estimated Premium Payment Form 1-ES issued by the PBGC (in a separate booklet) for estimating the flat rate premium for single-employer plans and the total premium for multiemployer plans.

“Schedule A” means the schedule to the Form 1 which is used by single-employer plans to calculate unfunded vested benefits and compute the variable rate premium.

“Flat rate premium” means the portion of the single-employer premium determined by multiplying the flat rate premium charge by the number of participants in the plan on the last day of the preceding plan year or, for a new or newly covered plan, the first day of the current plan year. The flat rate charge for single-employer plans for plan years beginning in 1997 is \$19 per participant.

“Variable rate premium” means the portion of the single-employer premium based on a plan's unfunded vested benefits. The variable rate premium for plan years beginning in 1997 is \$9 for every \$1,000 (or fraction thereof) of unfunded vested benefits. The variable rate premium previously was capped at \$53 per participant.

## Part A INTRODUCTION

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Except as provided for Regulated Public Utility Plans (see below), the cap no longer applies.

“Premium payment year” means the plan year for which the premium is being paid.

“Premium regulations” means the PBGC’s regulations on Premium Rates and Payment of Premiums (29 CFR Parts 4006 and 4007—previously designated Part 2610). The Form 1-ES and Form 1 and these instructions are issued under and implement the premium regulations.

“Regulated Public Utility” means a regulated public utility that:

a. is described in section 7701(a)(33)(A)(i) of the Code, and

b. has not begun to collect from utility customers rates that reflect the costs incurred or projected to be incurred for additional premiums under section 4006(a)(3)(E) of ERISA pursuant to final and nonappealable determinations by all public utility commissions (or other authorities having jurisdiction over the rates and terms of service by the regulated public utility) that the costs are just and reasonable and recoverable from customers of the regulated public utility.

“Regulated Public Utility Plan” means a plan that, on the first day of the premium payment year, is maintained by a contributing sponsor or sponsors at least one of which is a Regulated Public Utility. In general, the \$53 per-participant variable rate cap continues to apply to Regulated Public Utility Plans. However, the \$53 per-participant cap is proportionately applied if a Regulated Public Utility Plan:

a. is maintained by any contributing sponsor that is not a Regulated Public Utility, and

b. covers any participant who is not a Regulated Public Utility participant (determined under any reasonable method consistently applied among participants and from year to year). (See the Variable Rate Worksheet on page 37.)

Regulated Public Utility Plans with premium payment years beginning after June 30, 1997, must use special rules for determining the required interest rate that is used to determine unfunded vested benefits. (See instructions on page 21 and the Required Interest Rate Worksheet on page 38.)

“Form 5500 series” means Form 5500 and 5500 C/R, Annual Return/Report of Employee Benefit Plan, jointly developed by the Internal Revenue Service, the Department of Labor, and the PBGC. (Copies of this form may be obtained from the Internal Revenue Service or the Department of Labor.)

“We” or “us” means the Pension Benefit Guaranty Corporation.

“You” or “your” means the administrator of a pension plan.

“Plan administrator” means:

a. the person specifically so designated by the terms

of the instrument under which the plan is operated; or

b. if an administrator is not so designated, the plan sponsor.

“EIN” means Employer Identification Number. It is always a 9-digit number assigned by the Internal Revenue Service for income tax purposes.

“PN” means Plan Number. This is always a 3-digit number. The plan sponsor assigns this number to distinguish among employee benefit plans established or maintained by the same plan sponsor. A plan sponsor usually starts numbering pension plans at “001” and uses consecutive Plan Numbers for each additional plan. Once a PN is assigned, always use it to identify the same plan. If a plan is terminated, retire the PN - do not use it for another plan.

### 3. Recordkeeping Requirements; PBGC Audits

Plan administrators are required to retain all plan records that are necessary to support or validate PBGC premium payments. The records must include calculations and other data prepared by the plan’s actuary or, for a plan described in section 412(i) of the Internal Revenue Code, by the insurer from which the insurance contracts are purchased. The records are to be kept for six years after the premium due date.

Records that must be retained include, but are not limited to, records that establish the number of plan participants and that reconcile the calculation of the plan’s unfunded vested benefits with the actuarial valuation upon which the calculation was based. Records retained pursuant to this paragraph must be made available to the PBGC upon request for inspection and photocopying.

The PBGC may audit any premium payment. If PBGC determines upon audit that the full amount of the premium due was not paid, late payment interest charges under §4007.7 of the premium regulations and late payment penalty charges under §4007.8 of the premium regulations will apply to the unpaid balance from the premium due date to the date of payment. If, in the judgment of the PBGC, the plan’s records fail to establish the number of participants with respect to whom premiums were required for any premium payment year, the PBGC may rely on data it obtains from other sources (including the Internal Revenue Service and the Department of Labor) for presumptively establishing the number of plan participants for premium computation purposes. Similarly, if, in the PBGC’s judgment, the plan’s records fail to establish that the unfunded vested benefits were the amount reported in the premium filing, the PBGC may rely on data it obtains from other sources for estimating the amount of unfunded vested benefits for premium computation purposes.

Under section 4071 of ERISA, we may assess a penalty of up to \$1,000 per day for failure to furnish premium-related information by required due dates.

## Part B WHO MUST FILE

### 1. General Rule

The plan administrator of each single-employer plan and multiemployer plan covered under section 4021 of ERISA is required annually to file the Form 1 and, if applicable, Form 1-ES, and pay the premium due. If you are uncertain whether your plan is covered under section 4021, you should promptly request a coverage determination by writing to us at the address shown in Part D, Item 4. A request for a coverage determination does not extend the due date for any premium that is finally determined to be due. If we determine that the plan is not a covered plan, we will review the plan's premium payments to determine whether any refunds may be made.

### 2. Terminating Plans

a. **Obligation To File.** The obligation to file the PBGC Form 1 and Form 1-ES and make the required premium payments continues until the end of the plan year in which (1) all plan assets are distributed pursuant to the plan's termination, or (2) a trustee for the terminating plan is appointed under ERISA section 4042.

b. **Refunds.** Any required premium payments are for a full plan year. You may not prorate the premium for the plan's final (short) plan year. However, you may request a refund for that plan year. The PBGC will determine the amount of the refund by prorating the premium for the short plan year on a monthly basis (treating a part of a month as a full month). For this purpose, the PBGC will treat the short plan year as ending on—

- (i) for a multiemployer plan that distributed all its assets pursuant to section 4041A of ERISA, the date the distribution is completed; or
- (ii) for a single-employer plan, the earlier of the dates described in (A) or (B) below:
  - (A) the date on which the distribution of the plan's assets was completed, or, if later, the date 30 days prior to the date the PBGC received the plan's post-distribution certification;
  - (B) the date that a trustee for the terminating plan was appointed under ERISA section 4042.

To request a refund, write promptly, under separate cover, to the address shown in Part D, Item 2. Enclose a copy of the Form 1 that you filed. We will calculate the amount of your refund.

If a plan terminates and a new plan is established, premiums are due for the terminated plan as described above, and premiums are also due for the new plan from the first day of its first plan year (see Part C, Item 2).

**Example 1** A plan with a calendar plan year terminates in a standard termination on September 30, 1996. On April 8, 1997, all assets are distributed and the PBGC is notified within 30 days. Since the terminating plan is sufficient to pay all benefit liabilities, no trusteeship is involved. The plan administrator must file and make the premium payments for the 1996 plan year and for the 1997 plan year. However, the plan administrator may request a refund for the short 1997 plan year, January 1, 1997 - April 8, 1997. A refund will be made for the period of May - December 1997.

**Example 2** A plan with a plan year beginning July 1 and ending June 30 terminates in a distress termination on April 29, 1997. On July 31, 1997, a trustee is appointed to administer the plan under ERISA section 4042. Premium forms and payments must be filed for this plan for both the 1996 and 1997 plan years, because a trustee was not appointed until after the beginning of the 1997 plan year. However, a refund may be requested for the short 1997 plan year, July 1, 1997 - July 31, 1997. A refund will be made for the period of August 1997 - June 1998.

## Part C WHEN TO FILE

### Part C WHEN TO FILE

#### 1. General Rule

The following tables show the filing due dates for the 1997 premium payment year.

1997 Form 1 Final Filing Due Dates	
Premium Payment Year <u>Begins</u>	Form 1 Filing Due <u>Dates</u>
Jan 1997	09/15/97
Feb 1997	10/15/97
Mar 1997	11/17/97
Apr 1997	12/15/97
May 1997	01/15/98
Jun 1997	02/17/98
Jul 1997	03/16/98
Aug 1997	04/15/98
Sep 1997	05/15/98
Oct 1997	06/15/98
Nov 1997	07/15/98
Dec 1997	08/17/98

1997 Form 1-ES Filing Due Dates	
Premium Payment Year <u>Begins</u>	Form 1-ES Filing Due <u>Dates</u>
01/01/97	02/28/97
01/02 - 02/01/97	03/31/97
02/02 - 03/01/97	04/30/97
03/02 - 04/01/97	06/02/97
04/02 - 05/01/97	06/30/97
05/02 - 06/01/97	07/31/97
06/02 - 07/01/97	09/02/97
07/02 - 08/01/97	09/30/97
08/02 - 09/01/97	10/31/97
09/02 - 10/01/97	12/01/97
10/02 - 11/01/97	12/31/97
11/02 - 12/01/97	02/02/98
12/02 - 12/31/97	03/02/98

Your due date for filing the Form 1 and, if applicable, Form 1-ES and paying the premium owed depends on the number of plan participants as of the last day of the second plan year preceding the premium payment year. This number is the participant count required to be reported on the Form 1 for the plan year preceding the year for which you make the filing (i.e., for 1997 premiums, the participant count on the 1996 Form 1).

**NOTE:** The participant count date for purposes of determining your Filing Due Date is different from the

participant count date used for computing the premium (see Part G).

Plans that were required to report 500 or more participants on the preceding year's Form 1 must generally file a Form 1-ES by the last day of the second full calendar month following the close of the preceding plan year ("First Filing Due Date") and a Form 1 by the 15th day of the eighth full calendar month following the month in which the plan year began ("Final Filing Due Date"). For single-employer plans, only the flat rate premium is due by the First Filing Due Date; the variable rate premium is due by the Final Filing Due Date. For multiemployer plans, the entire premium is due by the First Filing Due Date.

Plans that reported fewer than 500 participants on the preceding year's Form 1 are required to file the Form 1 and pay the entire premium due by the 15th day of the 8th full calendar month following the month in which the plan year began.

The premium owed for a plan year is based on the number of plan participants as of the last day of the preceding plan year. However, plans may not have an accurate participant count before the First Filing Due Date. For this reason, the Form 1-ES permits plans to compute the amount owed on the basis of an estimated participant count. However, we remind you that for plans with 500 or more participants, the total flat rate premium, in the case of a single-employer plan, or the entire premium, in the case of a multiemployer plan, is due by the First Filing Due Date. If the full amount due is not paid by that date, the plan will be subject to late payment interest charges and may also be subject to late payment penalty charges (see Part F).

You may avoid a late payment penalty charge (but not the interest) (see Part F) for the flat rate premium if you do two things:

a. First, you must pay 100 percent of the premium amount due on the plan's Final Filing Due Date for the \$19 per participant flat rate single-employer premium or the \$2.60 per participant multiemployer total premium; and

b. Second, the premium based on an estimated participant count that you pay with the Form 1-ES by the First Filing Due Date must equal at least the lesser of:

- (i) 90 percent of the premium amount due on the plan's Final Filing Due Date for the \$19 per participant flat rate single-employer premium or the \$2.60 per participant multiemployer premium, or
- (ii) an amount equal to the participant count for the PBGC Form 1 for the year before this premium payment year multiplied by \$19 for single-employer plans and \$2.60 for multiemployer plans.

If you have an accurate participant count by the First Filing Due Date, you should pay the amount owed by that date. If you do this, you will avoid the interest and penalty charges. If you have all the information needed

to file Form 1 on or before the First Filing Due Date, you should file a Form 1. If you file a Form 1-ES, you will still be required to file a Form 1 by the Final Filing Due Date. (A single-employer plan that files a Form 1 with its first payment, but does not include the variable rate portion of the premium, will have to file another Form 1, identified as an “Amended Filing,” with that payment by the Final Filing Due Date.)

## 2. Plans Filing For The First Time

a. **First Filing Due Date.** New and newly covered plans are not required to pay an estimated premium by a First Filing Due Date.

b. **Final Filing Due Date.** For all new and newly covered plans, regardless of the number of plan participants, that have NOT previously been required to file a Form 1 and pay premiums to us, the Final Filing Due Date is the latest of the following dates:

- (i) the 15th day of the 8th full calendar month following the month in which the plan year began, or if later, following the month in which the plan first became effective for benefit accruals for future service (see Examples 1 and 2),
- (ii) 90 days after the date of the plan’s adoption (see Example 3), or
- (iii) 90 days after the date on which the plan became covered under ERISA section 4021 (see Example 4 below).

c. **Refunds.** Any required premium payments are for a full plan year. Thus, you must pay a full year’s premium payment for the plan’s first plan year, even if it is a short plan year (e.g., a new plan maintained on a calendar year basis becomes effective for benefit accruals for future service on July 1, 1997). However, you may request a refund for the plan’s first (short) plan year by writing promptly, under separate cover, to the address shown in Part D, Item 2. Enclose a copy of the Form 1 that you filed. We will calculate the amount of the refund by prorating the premium for the short plan year on a monthly basis (treating a part of a month as a full month).

**Example 1** A new plan has a calendar plan year. The plan was adopted October 1, 1996, and became effective for benefit accruals January 1, 1997. The Final Filing Due Date for the 1997 plan year is September 15, 1997.

**Example 2** A new plan is adopted on December 1, 1997, and has a July 1 - June 30 plan year. The plan became effective for benefit accruals for future service on December 1, 1997. The Final Filing Due Date for the plan’s first year, July 1, 1997, through June 30, 1998, is August 17, 1998. The plan owes a premium for all of 1997, and may request a refund for the period of July 1997 through November 1997.

**Example 3** A new plan has a calendar plan year. The plan was adopted on September 15, 1997, with a retroactive effective date of January 1, 1997. The Final Filing Due Date for the 1997 plan year is December 15, 1997.

**Example 4** A professional service employer maintains a plan with a calendar plan year. If this type of plan has always had fewer than 25 participants it is not a covered plan under ERISA section 4021. On October 15, 1997, the plan, which always had under 25 participants, has 26 participants. It is now a covered plan and will continue to be a covered plan regardless of the plan’s future participant count. The Final Filing Due Date for the 1997 plan year is January 13, 1998.

## 3. Plans Filing For The Second Time

The due date rules for plans filing for their second (or second covered) plan year are the same as the General Rule under Item 1, with one exception. For these plans, the determination of whether the plan has 500 or more participants is made as of the first day of the preceding plan year, i.e., the first day of the plan’s first (or first covered) plan year. For plans in their second premium payment year, this is the participant count required to be reported on the preceding year’s Form 1.

**Example 1** A single-employer plan has a plan year beginning on July 1 and ending on June 30. It had a participant count of 950 as of the first day of its first year, July 1, 1996. The First Filing Due Date for the plan’s 1997 (its second) plan year is September 2, 1997, and the plan must generally file a Form 1-ES by that date, using an estimated participant count for determining the flat rate premium. The plan must file its Form 1 and pay any outstanding balance of the flat rate premium plus the variable rate premium by the Final Filing Due Date, which is March 16, 1998.

**Example 2** A multiemployer plan has a plan year beginning on July 15 and ending on July 14. It had a participant count of 1,500 as of the first day of the plan’s first year, July 15, 1996. The First Filing Due Date for the plan’s 1997 (its second) plan year is September 30, 1997, and the plan must generally file a Form 1-ES on that date, using an estimated participant count for determining the amount of the premium. The plan must make a final, reconciliation filing on Form 1 by the Final Filing Due Date, which is March 16, 1998.

**Example 3** A plan had a participant count of 300 as of the first day of the plan’s first year. This plan has a plan year beginning on April 1 and ending on March 31. For the plan year beginning April 1, 1997 (its second plan year), the plan must file Form 1 by the Final Filing Due Date, which is December 15, 1997.

## Part C WHEN TO FILE

### 4. Plans Changing Plan Years

a. Due Dates. A plan that changes its plan year as the result of a plan amendment must, for the short plan year, follow the due date rules described in Part C, Items 1, 2, and 3 above, as applicable.

(i) For the plan year following the short plan year, the First Filing Due Date is the later of:

- (A) the last day of the second full calendar month following the close of the short plan year, or
- (B) 30 days after the date on which the plan amendment changing the plan year is adopted.

(ii) For the plan year following the short plan year, the Final Filing Due Date is the later of:

- (A) the 15th day of the 8th full calendar month following the month in which the plan year begins, or
- (B) 30 days after the date on which the plan amendment changing the plan year is adopted.

b. Refunds. Each plan year's premium filing(s) and payment(s) must reflect and be based on a full 12-month plan year. You may not prorate the premium for the short plan year. When a change in plan year resulting from a plan amendment results in a duplicate or overlapping premium payment, you may request a refund. To request a refund, write promptly, under separate cover, to the address shown in Part D, Item 2. Enclose copies of the relevant Forms 1 that you filed. We will then calculate the amount of your refund by prorating the premium for the short plan year on a monthly basis (treating a part of a month as a full month).

**Example 1** By plan amendment adopted on December 1, 1996, a plan changes from a plan year beginning January 1 to a plan year beginning June 1. This results in a short plan year beginning January 1, 1997, and ending May 31, 1997. The plan always has fewer than 500 participants. The Final Filing Due Date for the short plan year is September 15, 1997. The Final Filing Due Date for the new plan year beginning on June 1, 1997, is February 17, 1998. The plan owes a full year's premium for the short plan year, and may request a refund for the period June through December of 1997.

**Example 2** By plan amendment adopted on October 1, 1997, and made retroactively effective to February 1, 1997, a plan changes from a plan year beginning on January 1 to a plan year beginning on February 1. The plan always has fewer than 500 participants. The Final Filing Due Date for the plan year that began on January 1, 1997, is September 15, 1997. The Final Filing Due Date for the new plan year, which began February 1, 1997, is October 31, 1997. The plan owes a full year's premium for the short plan year, and may request a refund for the period February through December of 1997.

**Example 3** By plan amendment adopted on June 1, 1997, and made retroactively effective to April 1, 1997, a plan changes from a plan year beginning January 1 to a plan year beginning April 1. The plan always has 500 or more participants. The First Filing Due Date for the short plan year is February 28, 1997, and the Final Filing Due Date is September 15, 1997. The First Filing Due Date for the new plan year, which began April 1, 1997, is July 1, 1997, which is the later of the end of the second full calendar month after the close of the short plan year or 30 days after adoption of the plan amendment. The Final Filing Due Date is December 15, 1997. The plan owes a full year's premium for the short plan year, and may request a refund for the period April through December of 1997.

### 5. Saturday, Sunday, And Federal Holiday

a. Filing Due Dates. In computing any period of time described in the premium regulations and these instructions, the day of the event or default from which the period of time begins to run is not counted. The last day of the period is counted, unless it falls on a Saturday, Sunday or Federal holiday, in which case the period runs until the end of the next day which is not a Saturday, Sunday, or Federal holiday.

**Example** Plans with plan years beginning on June 1, 1997, normally would have a Final Filing Due Date of February 15, 1998. Because that day is a Sunday and the following Monday is a Federal holiday, the due date is Tuesday, February 17, 1998.

b. Interest and Penalty Charges. When computing late payment interest and penalty charges, Saturdays, Sundays, and Federal holidays are included.

### 6. Postmark Date Is Controlling

We will consider that you filed Form 1 and your premium payment on the date on which the mailing envelope is postmarked by the United States Postal Service. If the envelope does not contain a legible Postal Service postmark, we will consider that you filed the form and payment on the date that is three days before the date on which we received it. We will disregard any private postage meter date.

### 7. Relationship Between Form 1 And Form 5500 Series

a. Due Dates. For many plans, the deadline for filing the Form 1 and the Form 5500 series may coincide. This occurs when a corporate plan sponsor takes the automatic 6-month extension for filing its corporate tax return. This extension automatically extends the due date for filing the Form 5500 series to the tax return due date. **NOTE:** Extensions of time to file the Form 5500 series do not extend the Filing Due Dates for the PBGC forms.

**Example** A calendar year plan has a Final Filing Due Date for the Form 1 of September 15. The corporate tax deadline for a calendar year tax year is March 15 and the corporate plan sponsor takes the automatic extension to September 15. This would make the due date for the Form 5500 series (which is normally July 31 for a calendar year plan) also September 15.

b. Participant Count. Further, the participant count for premium computation purposes for the PBGC Form 1 and the participant count for the Form 5500 series filed in the same year (1997 Form 1 and 1996 Form 5500) are generally determined as of the same date, i.e., the last day of the plan year preceding the year of the filing, and therefore, these numbers may be the same. (But see Part G, Item 13(b).)

c. Plan Years Covered By Forms. However, there is a CRITICAL DIFFERENCE between the two filings. The Form 1 is filed for the current plan year and the Form 5500 series is filed for the previous plan year.

## Part D ADDRESSES

### 1. Where To File Form 1 And Form 1-ES

a. Mail Service. Mail Form 1 and Form 1-ES with your premium payment(s) to:

Pension Benefit Guaranty Corporation  
P.O. Box 64880  
Baltimore, MD 21264-4880

Do not use this address for any purpose except to mail Form 1, Form 1-ES, and your premium payment(s).

b. Delivery Service. Alternatively, if you use a delivery service that does not deliver to a P.O. Box, the Form 1 and Form 1-ES, along with your premium payment, may be hand-delivered to:

First National Bank of Maryland  
110 South Paca Street  
Mail Code: 109-320/Lockbox #64880  
Baltimore, MD 21201

### 2. Where To Obtain Form 1 And Form 1-ES

a. PBGC Mailing. We will mail a 1997 Premium Payment Package containing a Form 1 and a Schedule A, and, as appropriate, a 1997 Estimated Premium Payment Package, to the plan administrator of each plan for which a 1996 Form 1 was filed. We will mail these forms to the address shown in Item 2 of the Form 1 seven months before the expected Filing Due Date.

b. Computer Generated Forms. The PBGC does not accept photocopies of Form 1, Schedule A, and Form 1-ES. There are some companies that will provide software that generates PBGC-approved forms. These forms have been given a 6-digit approval number that appears on each form. These forms are acceptable for submission.

c. Form Requests.

(i) *Plan Administrator*. If you do not receive a Premium Payment Package and/or Estimated Premium Payment Package, it is your responsibility to obtain it. To do so, or if you need extra copies, contact:

Pension Benefit Guaranty Corporation  
P.O. Box 64916  
Baltimore, MD 21264-4916  
Phone: (703) 827-3676  
TTY/TDD: (202) 326-4179

*These are not toll-free numbers. We cannot accept collect calls.*

You may also obtain extra copies of the Premium Payment Package and/or Estimated Premium Payment Package and forms from the Pension and Welfare Benefits Administration of the U.S. Department of Labor (see addresses following the instructions).

## Part E HOW TO CORRECT A FILING

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(ii) *Pension Practitioner.* If you are a pension practitioner serving many covered plans, you may wish to receive a bulk shipment of the Premium Payment Package and/or Estimated Premium Payment Package and forms. If so, complete the order blank at the end of this Premium Payment Package. Check the appropriate box at the bottom of the order blank.

d. Forms For Prior Years. If you are filing for a previous year, you must use the proper year's form(s). To obtain the form(s), you may use the Premium Payment Package Order Form at the end of this package or call (703) 827-3676 or fax your order form to (703) 827-3762.

### 3. Where To Get Help In Filing The Form 1 Or Form 1-ES

If you have questions about the single-employer variable rate premium or other premium-related questions or requests, you should contact us at the address or phone number given in Item 2 above. This address should also be used to submit requests for reconsideration of penalty assessed (on a statement of account) and requests for refunds (other than those that are part of a premium filing).

### 4. Where To Get A Coverage Determination

If you have any questions concerning whether your plan is covered or wish to obtain a coverage determination, promptly contact:

Pension Benefit Guaranty Corporation  
Insurance Operations Department  
Standard Termination Compliance Division  
ARTAB Suite 930  
1200 K Street, NW  
Washington, DC 20005-4026  
Phone: (202) 326-4000  
TTY/TDD: (202) 326-4179

*These are not toll-free numbers. We cannot accept collect calls.*

## Part E HOW TO CORRECT A FILING

### 1. Check Without A Form 1 Or Form 1-ES

If you sent in your check without the Form 1 or Form 1-ES, as applicable, send the correct form to the address shown in Part D, Item 1.

### 2. Form Without A Check

If you sent us Form 1 or Form 1-ES without enclosing your check, you should send the check as soon as possible to minimize late payment charges. Enclose your check with a copy of the original form and mail them to the address shown in Part D, Item 1.

### 3. Amended Filing—Premium Underpayment

If you discover after you have filed the 1997 Form 1 and Schedule A with us that you have made an error in your participant count or in the calculation of the variable rate premium due, you must use an original PBGC-printed form (extra forms are included in this booklet), or PBGC-approved forms generated with software, to correct your filing. (Underpayment in an earlier year must be corrected using the form(s) for that specific year. See Part D, Item 2.d., for information on obtaining an earlier year's form(s).) Check the box in the heading of the Form 1 to indicate that this is an amended filing. (On prior years' forms without an "Amended Filing" box, print or type "Amended Filing" at the top of the form.) Fill in the Form 1 and Schedule A as you would for your annual filing. Enter the correct total in Item 15(a) for the flat rate premium and the correct variable rate premium in Item 15(b) and enter the total of Items 15(a) and 15(b) in Item 15(c). (For multiemployer plans, enter the corrected premium amount in Item 14.) Subtract from this result the amount previously paid as shown in Item 16 and enter the difference in Item 17(a). Write the amount of your check for the net amount of the premium due on line 17(b) of Form 1. Mail your amended Form 1 and Schedule A and check to the address shown in Part D, Item 1.

### 4. Amended Filing—Premium Overpayment

If you discover after you have filed the 1997 Form 1 and Schedule A with us that you overpaid your premium, follow the instructions in Item 3, except that the difference between the amount owed and the amount previously paid should be entered in Item 18. Also, you must check the box in Item 18 if you want this amount refunded. Mail your amended Form 1 and Schedule A promptly to the address shown in Part D, Item 1.

### 5. How To Correct An Address

See Part G, Items 1 and 2 if you need to correct your address or the plan sponsor's address and are doing so at the same time you are making your premium filing.



However, to keep our records current and to ensure that your forms will be mailed to the correct address, you should provide us with your current address as soon as a change has occurred. You may do so by contacting us either in writing or by phone using the information found in Part D, Item 2.

**Part F LATE PAYMENT CHARGES**

If we receive a premium payment after the Filing Due Date, we will bill the plan for the appropriate Late Payment Charges. The charges include both interest and penalty charges. The charges are based on the outstanding premium amount due on the Filing Due Date.

**1. Interest Charges**

The Late Payment Interest Charge is set by ERISA and cannot be waived by us. The interest rate charged is established periodically (currently on a quarterly basis) and the interest rates are published on or about the 15th of January, April, July, and October in the Federal Register. The rates are also posted on the PBGC's World Wide Web site (<http://www.pbgc.gov>).

Late Payment Interest Charges will be assessed for any premium amount not paid when due, whether because of an estimated participant count or an erroneous participant count or other mistake in computing the premium owed.

**2. Penalty Charges**

The Late Payment Penalty Charge is established by us, subject to ERISA's restriction that the penalty not exceed 100 percent of the unpaid premium amount. In the past, the penalty has been 5 percent of the unpaid amount for each month (or portion of a month) it remains unpaid. Starting with 1996 plan years, the Late Payment Penalty Charge is lower for premium underpayments that are "self-corrected." The penalty rate is 1% of the late premium payment per month if the late payment is made on or before the date when the PBGC issues a written notification indicating that there is or may be a premium delinquency (e.g., a statement of account, past-due-filing notice, or letter initiating an audit).

The normal penalty rate of 5% per month applies to payments made after the PBGC notification date.

*Temporary Voluntary Compliance Program for Pre-1996 Plan Years—Open Until April 30, 1997*

The PBGC has adopted a temporary voluntary compliance program for premiums owed for pre-1996 plan years that will provide penalty relief for plans that notify PBGC by April 30, 1997. The penalty rate will be 1% per month, rather than the normal 5% per month, if the payments are made voluntarily before the date PBGC issues a written notification indicating that there is or may be a premium delinquency (e.g., a statement of account, past-due-filing notice, or letter initiating an audit).

To take advantage of the program, you must either pay the unpaid amount with a Form 1 for the applicable plan year by April 30, 1997; or notify the PBGC in writing by April 30, 1997, of your intention to participate in the program, and pay the unpaid amount with a Form 1 for the applicable plan year by June 30, 1997. Include "ATTN: VCP PROGRAM" on any notices, forms, and payments you send to PBGC under the voluntary compliance

## Part G ITEM-BY-ITEM INSTRUCTIONS FOR FORM 1

program. Send all filings to the appropriate address in item 1 on page v. For questions about premium filings under the voluntary compliance program, call 703-827-3676 (202-326-4179 for TTY and TDD).

### 3. PBGC Waivers

Prior to the Filing Due Date, if you can show substantial hardship and that you will be able to pay the premium within 60 days after the Filing Due Date, you may request us to waive the Late Payment Penalty Charge. If we grant your request, we will waive the Late Payment Penalty Charge for up to 60 days.

To request a waiver, write separately to:

Pension Benefit Guaranty Corporation  
P.O. Box 64916  
Baltimore, MD 21264-4916

Waivers may also be granted based on any other demonstration of good cause. If you wish to request such a waiver, write to the address above after you receive a statement of account assessing penalties.

It is YOUR responsibility as plan administrator to obtain the necessary forms and submit filings on time. (You should ensure that you maintain an updated address with the PBGC so that we can mail your next Premium Payment Package to you. See Part G, Item 2.) We will NOT waive late payment penalties resulting from your failure to obtain the necessary forms.

### 4. IRS Extension For Form 5500

**NOTE:** If the Internal Revenue Service has granted the plan an extension of the due date for filing the Form 5500 series, this does NOT extend the Filing Due Date for Form 1.

### 5. Minimizing Late Payment Charges

If you are having difficulty determining the actual participant count prior to the First Filing Due Date, see Part C, Item 1 “General Rule,” on how to file using an estimated participant count. This will minimize the assessment of Late Payment Charges to the plan.

If you are having difficulty determining your plan’s premium prior to the Final Filing Due Date, you can file the Form 1 and Schedule A using an estimate. You can then file an amended Form 1 and Schedule A reflecting the actual figure (see Part E for procedure). This will minimize the assessment of Late Payment Charges to the plan.

If you file a Form 1-ES for your plan by its First Filing Due Date, you may be able to avoid a Late Payment Penalty Charge with respect to that payment (see Part C). However, if the flat-rate amounts paid with your Form 1 and Form 1-ES total less than your flat rate premium for a single-employer plan (or the total premium for a multiemployer plan), then you will be charged a Late Payment Penalty (as well as Interest) on the shortfall from the Form 1-ES First Filing Due Date until the shortfall is paid.

## Part G ITEM-BY-ITEM INSTRUCTIONS FOR FORM 1

### Check for Amended Filing

If you are amending your 1997 Final Filing, check this box and complete the forms as explained in Part E.

### Check for Disaster Relief

From time to time, when major disasters occur, the PBGC publishes a notice of disaster relief in the Federal Register, waiving late filing penalties for certain plans. If your plan is covered by a PBGC disaster relief notice for this premium filing, follow the instructions in the notice and check this box.

The “Item” numbers below refer to the Item or Line numbers on the Form 1.

### Item 1 Name of Plan Sponsor

Enter the name and address of the plan sponsor.

Make sure you report the plan sponsor’s name and address correctly, especially if there has been a change in the last year. If the plan sponsor’s address or name has changed since your last filing, check the box in the upper right hand corner of Item 1.

It is very important that the address shown in Item 1 be correct.

The term “plan sponsor” means:

- the employer(s), in the case of a single-employer pension plan;
- the employee organization, in the case of a plan established or maintained by an employee organization; or
- in the case of a plan established or maintained by two or more employers and one or more employee organizations, the association, committee, joint board of trustees, or other similar group of representatives of the parties who establish or maintain the plan.

### Item 2 Name of Plan Administrator

If the name and address of the plan administrator is the same as that of the plan sponsor, check the second box in the upper right hand corner of Item 2 and skip to Item 3. Otherwise, enter the name and address of the plan administrator.

If the plan administrator’s address or name has changed since your last filing, check the first box in the upper right hand corner of Item 2.

It is very important that the plan administrator’s name and address be correct, especially if there has been a change in the last year. This is the address we will use to mail your 1998 Premium Payment Package and, as appropriate, 1998 Estimated Premium Payment Package.

### Item 3 Plan Sponsor’s EIN and PN

#### Item 3(a) EIN For The Plan Sponsor

Enter the EIN for the plan sponsor. Be sure that the EIN entered here is the same as the EIN entered on the

Form 5500 series for the plan year preceding the premium payment year.

For plans that meet the definition of a multiemployer plan, enter the EIN assigned to the joint board of trustees. In the case of a plan to which more than one employer contributes (other than a multiemployer plan), enter the EIN of the plan sponsor identified in Item 1. In the case of a controlled group plan, enter the EIN of the parent or, if there is no parent, of the largest employer.

**Item 3(b) Plan Number**

Enter the Plan Number (PN) for the plan. Be sure that the PN entered here is the same as the PN entered on the Form 5500 series for the plan year preceding the premium payment year.

**Item 3(c) Does EIN/PN Match Form 5500?**

Do the EIN in Item 3(a) and the PN in Item 3(b) match exactly the EIN and PN entered on the Form 5500 series for the plan year preceding the premium payment year? Check the “Yes” or “No” box. If no, enter the EIN/PN used for the Form 5500 filing, attach an explanation, and check the box in Item 19.

**Item 3(d) Has A Plan Transferred any Assets or Liabilities To This Plan?**

If one or more plans have transferred any assets or liabilities to the plan whose EIN/PN is entered in Item 3(a) and (b) since the last premium filing, check the “Yes” box. In the case of a plan that is filing for the first time, this includes a transfer of assets or liabilities that was made to the plan when it was established. If you check “Yes,” enter the EIN and PN of each plan that transferred any assets or liabilities to your plan in the space provided. Also enter the date and type of each transfer (the three types of transfer are explained below). If more than 2 plans have transferred assets or liabilities to your plan, attach a separate sheet listing the EIN/PN of each additional plan and the date and type of each transfer. If you attach a separate sheet, check the box in Item 19.

For purposes of this item, the three types of transfer are merger, consolidation, and spinoff, designated as “M,” “C,” and “S” respectively. Check the box under the appropriate letter for the type of each transfer.

Plan mergers and plan consolidations are transactions in which one or more transferor plans transfer all of their assets and liabilities to a transferee plan and disappear (because they become part of the transferee plan). However, there are important differences between the two kinds of transactions. In a merger, the transferee plan is one that existed before the transaction. In a consolidation, the transferee plan is a new plan that is created in the consolidation. Thus, the plan that exists after a consolidation follows the premium filing rules for new plans. In particular, it need not make an early

premium payment with Form 1-ES (no matter how many participants any of the transferor plans had for the prior year(s)), it may not use the alternative calculation method, and its filing due date is subject to the special rules for new plans. On the other hand, the transferee plan in a merger follows the normal rules for preexisting, ongoing plans.

In a spinoff, the transferor plan transfers only part of its assets and/or liabilities to the transferee plan, so that both the transferor and the transferee plan exist after the transaction. The transferee plan may be a new plan that is created in the spinoff, or it may be a preexisting plan that simply receives part of the assets and/or liabilities of the transferor plan.

Note that refunds are not available for “overlapping” premium payments resulting from a plan merger, consolidation, or spinoff.

**Item 4 Change In EIN or PN**

This item should be completed to report a change in EIN or PN since your last Form 1 or Form 1-ES filing. The EIN of the plan sponsor or the plan’s PN may change for a number of reasons.

**Item 4(a) Change In EIN**

Enter the previous EIN in the space provided.

**Item 4(b) Change In PN**

Enter the previous PN in the space provided.

**Item 4(c) Effective Date**

Enter the effective date of the change in EIN/PN.

**Item 5 Plan Coverage Status**

If the plan is covered under section 4021 of ERISA, check 5(a) “Covered.”

If you are not certain if the plan is covered, check 5(b) “Uncertain.” See Part B, Item 1, and Part D, Item 4, of these instructions.

If you check “Uncertain,” you should complete Form 1 and pay the appropriate premium as if the plan were covered. Attach a separate sheet to explain why you checked “Uncertain,” and check the box on line 19.

**Item 6 Is This The First Premium Filing For This Plan?**

Check the “No” box if you are filing for a second or subsequent time, and go to Item 7. Check the “Yes” box if you are filing for the first time, and complete Items 6(a), 6(b), and 6(c).

**Item 6(a) Plan Effective Date**

Enter the date on which the plan became effective with respect to benefit accruals for future service.

**Item 6(b) Plan Adoption Date**

Enter the date on which the plan was formally adopted.

## Part G ITEM-BY-ITEM INSTRUCTIONS FOR FORM 1

### Item 6(c) Plan Coverage Date

Enter the date on which the plan became covered under section 4021 of ERISA. If you are unsure whether your plan is covered, check the “Uncertain” box in Item 5 and leave this date field blank.

### Item 7 Is The Plan Terminated?

Check the “Yes” box if you have issued notices of intent to terminate to affected parties (with respect to a single-employer plan) or you have filed a Notice of Termination with PBGC (with respect to a multiemployer plan).

If you check “Yes,” enter, on line 7(a), the date the assets were distributed or, on line 7(b), the date a trustee was appointed under section 4042 of ERISA, whichever occurred earlier. If neither event has occurred, then enter “UNKNOWN” in the space provided for the dates; and

NOTE: You must continue to file Form 1 and, if applicable, Form 1-ES, and pay premiums through and including the plan year in which all assets are distributed or a trustee for the plan is appointed under section 4042. See Part B, Item 2.

### Item 8 Industry Code

Enter the 4 digit code that best describes the nature of the employer’s business. If more than one employer is involved, enter the industry code for the predominant business activity of all employers. Choose one code from the list in Appendix B at the back of this package.

### Item 9 Name of Plan

Enter the complete name of the plan as stated in the plan document. For example, “The ABC Company Pension Plan for Salaried Personnel.”

### Item 10 Name and Phone Number of Plan Contact

#### Item 10(a) Name of Plan Contact

Enter the name of the person we may contact if we have any questions concerning this filing. If Form 1 was completed by a plan consultant, you may enter the consultant’s name.

#### Item 10(b) Phone Number of Plan Contact

Enter the phone number of the plan contact named in Item 10(a).

### Item 11 Plan Type

Check the appropriate box to show plan type. For purposes of determining plan type, all trades or businesses (whether or not incorporated) that are under common control are considered to be one employer.

#### Item 11(a) Multiemployer Plans

Check Item 11(a), “Multiemployer Plan,” if the plan is a multiemployer plan.

All plans that file the Form 5500 series for the preceding plan year as a “Multiemployer Plan” should

file the PBGC Form 1 for the current plan year as a multiemployer plan. If the two filings do not both report a multiemployer plan, you must provide an explanation on a separate sheet attached to the Form 1. All other Form 5500 series plan type categories are considered to be single-employer plans for the PBGC Form 1 filing.

For any plan year beginning on or after September 26, 1980, a multiemployer plan is a plan—

- a. to which more than one employer is required to contribute,
- b. which is maintained pursuant to one or more collective bargaining agreements between one or more employee organizations and more than one employer, and
- c. which satisfies such other requirements as the Secretary of Labor may prescribe by regulation.

(The above definition does not apply to a plan that elected on or before September 26, 1981, with PBGC’s approval, not to be treated as a multiemployer plan (see ERISA section 4303). Such a plan is treated as a single-employer plan.)

The plan administrator of a multiemployer plan MUST file a Form 1 and, if applicable, Form 1-ES and pay a premium for the plan as a whole. The administrator CANNOT file a separate Form 1 (or Form 1-ES) and pay a premium for each individual employer.

#### Item 11(b) Single-Employer Plans

Check Item 11(b), “Single-Employer Plan,” if the plan does not meet the above definition of multiemployer plan.

A single-employer plan includes a “multiple employer” plan. A multiple employer plan is a plan -

- a. to which more than one employer contributes, and
- b. that does NOT satisfy the definition of multiemployer plan, or that elected on or before September 26, 1981, with PBGC’s approval, not to be treated as a multiemployer plan (see ERISA section 4303).

If several employers participate in a program of benefits wherein the funds attributable to each employer are available only to pay benefits to that employer’s employees, then the plan administrator MUST file a separate Form 1 and, if applicable, Form 1-ES and pay a separate premium for each individual employer.

If several employers participate in a program of benefits wherein the funds attributable to each employer are available to pay benefits to all participants, then the plan administrator MUST file a Form 1 and, if applicable, Form 1-ES and pay a premium for the plan as a whole. Separate filings and premiums CANNOT be submitted for each individual employer.

If separate plans are maintained for different groups of employees, regardless of whether each has the same sponsor or the sponsors are part of the same controlled group, then the plan administrator(s) MUST file a separate Form 1 and, if applicable, Form 1-ES and pay a separate premium for each plan.

**Item 12 Plan Year**

**Item 12(a)**

Enter the beginning date of the plan year for which you are making the premium payment.

**Item 12(b)**

Enter the ending date of the plan year for which you are making the premium payment.

**Item 12(c)**

Check the box if the month and day on which the plan year begins is not the same as that shown on the last Form 1 you filed with us. Attach a separate sheet with a brief explanation for the change, and check the box in Item 19.

**Item 12(d)**

If you checked the box in Item 12(c), enter the adoption date of the plan year change.

**Item 13 Participant Count**

Enter the total number of participants covered by the plan. This is the number on which the plan's premium is based.

**Item 13(a) Participant Count for the Premium Payment Year.**

**a. Participant Definition**

For the purposes of Item 13(a), a "participant" is an individual who is included in one of the categories below:

**(i) Active.**

(A) Any individual who is currently in employment covered by the plan and who is earning or retaining credited service under the plan. This category includes any individual who is considered covered under Code minimum coverage rules but does not have any accrued benefit.

(B) Any non-vested individual who is not currently in employment covered by the plan but who is earning or retaining credited service under the plan. This category does not include a non-vested former employee who has incurred a break in service the greater of one year or the break in service period specified in the plan.

**(ii) Inactive.**

(A) Inactive Receiving Benefits. Any individual who is retired or separated from employment covered by the plan and who is receiving benefits under the plan. This category does not include an individual to whom an insurer has made an irrevocable commitment to pay all the benefits to which the individual is entitled under the plan.

(B) Inactive Entitled to Future Benefits. Any individual who is retired or separated from

employment covered by the plan and who is entitled to begin receiving benefits under the plan in the future. This category does not include an individual to whom an insurer has made an irrevocable commitment to pay all the benefits to which the individual is entitled under the plan.

**(iii) Deceased.**

Any deceased individual who has one or more beneficiaries who are receiving or entitled to receive benefits under the plan. This category does not include an individual if an insurer has made an irrevocable commitment to pay all the benefits to which the beneficiaries of that individual are entitled under the plan.

**b. Participant Count**

Count the number of plan participants as of the LAST DAY OF THE PRECEDING PLAN YEAR (see Examples 1 and 2), except as follows:

(i) New or Newly Covered Plans. If this is a new plan or a newly covered plan, count participants as of the first day of the plan year for which you are making the premium payment, or the first day the plan became effective for benefit accruals for future service, if that is later (see Example 3).

(ii) Certain Mergers or Spinoffs. If the plan is the transferee plan in a merger or the transferor plan in a spinoff and the transaction meets the conditions described in (A) and (B) below, count participants as of the first day of the plan year for which you are making the premium payment (see Examples 4 and 5). A plan merger or spinoff (as defined in the regulations under section 414(l) of the Code) is covered by this rule if—

(A) a merger is effective on the first day of the transferee (the continuing) plan's plan year, or a spinoff is effective on the first day of the transferor plan's plan year, and

(B) the merger or spinoff is not de minimis, as defined in the regulations under section 414(l) of the Code with respect to single-employer plans, or under the PBGC's regulation under section 4231 of ERISA (29 CFR Part 4231 - formerly Part 2672) with respect to multiemployer plans.

**Example 1** A continuing plan has a plan year beginning September 1, 1997, and ending August 31, 1998. Determine the participant count as of August 31, 1997.

**Example 2** A continuing plan changes its plan year from a calendar year to a plan year that begins June 1, 1997. For the plan year beginning January 1, 1997, determine the participant count as of December 31, 1996. For the plan year beginning June 1, 1997, determine the participant count as of May 31, 1997.

## Part G ITEM-BY-ITEM INSTRUCTIONS FOR FORM 1

**Example 3** A new plan has a plan year beginning January 1, 1997, and ending December 31, 1997. Determine the participant count as of January 1, 1997.

**Example 4** Plan A has a calendar plan year and Plan B has a July 1 - June 30 plan year. Effective January 1, 1997, Plan B merges into Plan A (and the merger is not de minimis). Plan A determines its participant count as of January 1, 1997. (Since Plan B did not exist at any time during 1997, it does not owe a premium for the 1997 plan year.)

**Example 5** Plan A has a calendar plan year. Effective January 1, 1997, Plan A spins off assets and liabilities to form a new plan, Plan B (and the spinoff is not de minimis). Plan A determines its participant count as of January 1, 1997. (Plan B also determines its participant count as of January 1, 1997, since it is a new plan that became effective on that date.)

### Item 13(b) Form 5500 Participant Count (if different).

You must also enter, in Item 13(b), the participant count reported on the plan's Form 5500 series for the plan year preceding the premium payment year, if it is different from the entry in Item 13(a). This does not apply to new plans since they are not required to file a Form 5500 series for the year preceding their first plan year.

The participant count you enter in Item 13(a) of the PBGC Form 1 may be the same as the participant count reported on the plan's Form 5500 series for the preceding plan year.

If the Form 5500 participant count is higher than the premium participant count, you may enter in Item 13(a) the participant count you reported in the Form 5500 series. Entering the higher participant count will increase the flat rate premium for all plans and the variable rate premium payable by Regulated Public Utility Plans for which the uncapped per-participant variable rate premium on line 7 of Schedule A exceeds \$53.

### Item 14 Premium For Multiemployer Plans

Multiply the participant count you entered in Item 13(a) by \$2.60. Enter the result in Item 14. This is the total premium due.

### Item 15 Premium For Single-Employer Plans

#### Item 15(a) Flat Rate Premium

Multiply the participant count you entered in Item 13(a) by \$19 and enter the result in Item 15(a). This is the flat rate premium.

#### Item 15(b) Variable Rate Premium

In Item 15(b) enter the amount entered in line 9 of Schedule A. This is the amount you must pay for the variable rate premium.

#### Item 15(c) Total Premium

Add Items 15(a) and 15(b) and enter the result in Item 15(c) of the Form 1. This is the total premium.

### Item 16 Premium Credit

#### Item 16(a) Amount Paid With 1997 Form 1-ES

Enter any amounts you previously paid for the 1997 plan year with Form 1-ES.

#### Item 16(b) Credit Balance From Previous Years or Other Credit

Enter the amount of any available credit from line 18 of your 1996 Form 1 (see Part E) or line 8 of your 1997 Form 1-ES. You may also enter any other credit you are entitled to claim. Attach an explanation of any credit claimed on line 16(b) (other than an amount entered on line 18 of your 1996 Form 1 or line 8 of your 1997 Form 1-ES) and check the box in Item 19.

#### Item 16(c) Total Credit

Add Items 16(a) and 16(b) and enter the result in Item 16(c) of the Form 1. This is the total credit.

### Item 17 Premium Due The PBGC

#### Item 17(a)

If this is a multiemployer plan and the amount you entered in Item 14 exceeds the amount entered in Item 16(c), subtract the amount entered in Item 16(c) from the amount entered in Item 14 and enter the result in Item 17(a) of Form 1. This is the amount you owe the PBGC.

If this is a single-employer plan and the amount you entered in Item 15(c) exceeds the amount entered in Item 16(c), subtract the amount entered in Item 16(c) from the amount entered in Item 15(c) and enter the result in Item 17(a) of the Form 1. This is the amount you owe the PBGC.

#### Item 17(b)

Enclose with the Form 1 a check for the amount shown in Item 17(a) payable to the Pension Benefit Guaranty Corporation. Enter the amount of the check in Item 17(b). Write the EIN/PN you entered in Item 3(a) and (b) on the check. To ensure proper credit of your premium payment, each Form 1 for each EIN/PN must be filed with a check for the exact amount due for the plan. **Do not combine payments for different plans in one check.**

### Item 18 Amount Of Overpayment

If this is a multiemployer plan and the amount you entered in Item 14 is less than the amount entered in Item 16(c), subtract the amount entered in Item 14 from the amount entered in Item 16(c) and enter the result in Item 18. This is the amount of your overpayment.

If this is a single-employer plan and the amount you entered in Item 15(c) is less than the amount entered in Item 16(c), subtract the amount entered in Item 15(c)

from the amount entered in Item 16(c) and enter the result in Item 18. This is the amount of your overpayment.

If a premium is overpaid for a plan, and any part of another year's premium or late payment charge is still owing for that plan, the overpayment will be applied toward paying the outstanding amount(s) due.

You may designate which outstanding amount(s) of premium or late payment charge an overpayment is to be applied against (if it has not already been applied). If you do not so designate, we will apply the overpayment first to the outstanding premium, interest, and penalty (in that order) from the earliest plan year, then the next earliest plan year, etc.

An amount of overpayment that is not needed to pay amounts owed may be refunded upon request made within the period specified in the applicable statute of limitations (generally six years after the overpayment was made) or may be claimed as a credit on a Form 1 or Form 1-ES filed within the same period. If line 18 shows an overpayment, you may request a refund by checking the box in Item 18. An overpayment on one plan cannot be applied to offset an underpayment on one or more other plans.

### **Item 19 Additional Information**

If you have used attachments other than the Schedule A to explain any of your answers, check the box. Be sure to show the plan name and the EIN/PN at the top of each sheet.

### **Item 20 Certification of Multiemployer Plan Administrator**

If your plan is a multiemployer plan, then you, as plan administrator, must sign the Form 1 in this space. We may return your filing if it does not have your signature. Single-employer plans - see Items 10 and 11 of Schedule A to Form 1.

## **Part H GENERAL INSTRUCTIONS FOR SCHEDULE A**

The instructions in this part give you the general instructions and requirements for filling out the Schedule A that must be attached to each Form 1 for each single-employer plan.

A key point to filling out the Schedule A is the requirement for you to select a "Filing Method" for your plan. Your plan may be eligible for more than one filing method. However, you may select only one filing method. Under some filing methods, it may take more time to complete the Schedule A than under others. Some methods require the services of an enrolled actuary. We urge you to review this part carefully before completing Schedule A in order to take advantage of the filing method that best suits your needs.

The specific instructions for each line of the Schedule A are in Part I, Line-By-Line Instructions for Schedule A.

### **1. General Requirements**

All single-employer plans must complete Schedule A of the PBGC Form 1. You will use Schedule A to determine the amount of the variable rate premium. For some plans, the amount will be \$0. The variable rate premium (even if it is \$0) must be entered on the Schedule A, line 9, and also on the Form 1, Line 15(b). You, and in some cases an enrolled actuary, must certify that the variable rate premium is correct, even if the amount is \$0.

The variable rate premium is \$9 per \$1,000, or fraction thereof, of unfunded vested benefits as of the last day of the plan year preceding the premium payment year. The vested benefits must be valued using an interest rate required by ERISA. (See Part H.7.)

If your plan is a Regulated Public Utility Plan and the variable rate premium exceeds \$53 per participant, special reduction rules may apply. (See instructions for line 8.)

### **2. Failure To File Schedule A**

If you fail to file a completed and signed Schedule A, we may return your entire filing along with any payment accompanying the filing and the payment may be treated as not having been made. The PBGC may rely on data it obtains from other sources to estimate the variable rate amount due and you will be billed for that amount plus penalties and interest, as applicable.

### **3. Computation Date For The Variable Rate Premium**

The date for the computation or determination of the variable rate premium is generally the last day of the plan year preceding the premium payment year and is the same date as the participant count date.

## Part H GENERAL INSTRUCTIONS FOR SCHEDULE A

However, for new or newly covered plans, plans that are transferee plans in a merger (other than a de minimis merger) that is effective on the first day of the plan's premium payment year, and plans that are transferor plans in a spinoff (other than a de minimis spinoff) that is effective on the first day of the plan's premium payment year, the "first day of the premium payment year (or, in the case of a new or newly covered plan, the date on which the plan became effective for benefit accruals for future service, if later)" should be substituted for the "last day of the plan year preceding the premium payment year" whenever that latter date is used in Parts H and I of these instructions or in the Schedule A. This exception is the same as the exception for the participant count date for the same situations; see Part G, Item 13, for additional information and examples.

### 4. Filing Methods

You determine the variable rate premium on Schedule A under the "General Rule" or under an optional filing method.

All single-employer plans are eligible to use the "General Rule." The General Rule requires a determination of vested benefits and assets and a determination of unfunded vested benefits by an enrolled actuary as of the last day of the plan year preceding the premium payment year. (For a more complete description of the requirements, see 5.a below.)

To avoid the expense that might be involved in using the General Rule, you may wish to consider using an optional filing method. Review the requirements for each method to see if you can use it and whether you wish to do so.

The first optional filing method - the Alternative Calculation Method - requires only an adjustment of amounts determined as of the first day of the plan year preceding the premium payment year that are required to be reported in the plan's Form 5500, Schedule B.

If you file under optional filing methods in items 1(c)(1) through 1(c)(5), you do not have to determine or calculate unfunded vested benefits and you do not have to pay a variable rate premium.

The optional filing method on line 1(d) is a variation of the Alternative Calculation Method for plans terminating in distress or involuntary terminations. It uses the Schedule B for the termination plan year or, if unavailable, for the preceding plan year.

If you use the optional filing method on line 1(e) for Small Regulated Public Utility Plans, you do not need to complete lines 2 through 7 of the Schedule A. You also do not need an enrolled actuary certification. Check the box in item (d) at the top of page 1 of Schedule A if your plan satisfies the definition of a "Regulated Public Utility Plan" in Part A.2. (Definitions).

The optional filing methods are listed below with the line numbers on Schedule A.

<u>LINE</u>	<u>OPTIONAL FILING METHODS</u>
-------------	--------------------------------

- |         |  |
|---------|--|
| 1(b)    | Alternative Calculation Method<br>(See 5.b below.)   |
| 1(c)(1) | Plans with no vested participants<br>(See 5.c.(i) below.)  |
| 1(c)(2) | Section 412(i) plans<br>(See 5.c.(ii) below.)  |
| 1(c)(3) | Fully funded small plans (under 500 participants)<br>(See 5.c.(iii) below.)  |
| 1(c)(4) | Plans terminating in standard termination<br>(See 5.c.(iv) below.)   |
| 1(c)(5) | Plans at full funding limit<br>(See 5.c.(v) below.)  |
| 1(d)    | Plans terminating in distress or involuntary termination<br>(See 5.d below.)   |
| 1(e)    | Small Regulated Public Utility Plans (under 500 participants) paying maximum variable rate premium<br>(See 5.e below.) |

### 5. Requirements For Filing Method Selection

Listed below are the requirements for the filing methods and the location of the line-by-line instructions for completing Schedule A under each of the filing methods.

All the filing methods require the plan administrator to certify to the correct completion of Form 1 and Schedule A, and that any information given to the enrolled actuary is true, correct, and complete. The plan administrator must also complete a certification about compliance with participant notice requirements (see Part H.8.). Additional certifications are noted below.

a. General Rule. Under the General Rule, an enrolled actuary determines the amount of unfunded vested benefits as of the last day of the plan year preceding the premium payment year, in accordance with ERISA section 4006(a)(3)(E)(iii) and generally accepted actuarial principles and practices. The actuary may either perform a valuation as of the last day of the plan year preceding the premium payment year, or adjust the results of a valuation done as of a different date to reflect any differences in plan assets, population, and provisions between the different valuation date and the last day of the plan year preceding the premium payment year so that the adjusted results satisfy all of the requirements for the General Rule method. A plan's unfunded vested benefits equal the excess of: (1) the plan's current liability (within the meaning of ERISA section 302(d)(7)) determined by taking into account only vested benefits and valued at the Required Interest Rate described in Part H.7. of these instructions, over (2) the actuarial value of the plan's assets determined in accor-



## Part H GENERAL INSTRUCTIONS FOR SCHEDULE A

dance with ERISA section 302(c)(2) without a reduction for any credit balance in the plan's funding standard account.

(i) *General Requirements*: The determination under the General Rule must reflect the plan's population and provisions as of the last day of the plan year preceding the premium payment year. Population data may be based on an actual census or a representative sample of the plan's population. The enrolled actuary must make the determination using the same actuarial assumptions and methods used by the plan for purposes of determining the minimum funding contributions under section 302 of ERISA and section 412 of the Code for the plan year preceding the premium payment year (or, in the case of a plan to which the special computation date rule in Part H.3. applies, for the premium payment year), except to the extent that other actuarial assumptions are specifically prescribed by these instructions or are necessary to reflect the occurrence of a significant event described in Part H.6. below, between the date of the funding valuation and the last day of the plan year preceding the premium payment year. (If the plan does a funding valuation as of the last day of the plan year preceding the premium payment year, no separate adjustment for significant events is needed.)

Under this rule, the determination of the unfunded vested benefits may be based on a plan funding valuation performed as of the first day of the premium payment year, provided that—

(A) the actuarial assumptions and methods used are those used by the plan for purposes of determining the minimum funding contributions under section 302 of the Act and section 412 of the Code for the premium payment year, except to the extent that other actuarial assumptions are specifically prescribed by these instructions or are required to make the adjustment described in paragraph (B) below; and  
(B) if an enrolled actuary determines that there is a material difference between the values determined under the valuation and the values that would have been determined as of the last day of the preceding plan year, the valuation results are adjusted to reflect appropriately the values as of the last day of the preceding plan year. (This adjustment need not be made if the unadjusted valuation would result in greater unfunded vested benefits.)

(ii) *Certification Requirement (in addition to plan administrator certification)*: In all cases under the General Rule, an enrolled actuary must certify to the determination of the variable rate premium. In addition—

(A) in the case of a large plan (500 or more participants), if the enrolled actuary—determines that the actuarial value of plan assets equals or exceeds the value of all accrued benefits (valued at the Required Interest Rate described in Part H.7. of these instructions); and

—elects to report the value of accrued benefits in lieu of the value of vested benefits on line 2(a) of Schedule A,

the enrolled actuary must certify to having done so on line 11(a) of Schedule A.

(B) If

—the interest rate used by the plan to value current liability was not greater than the Required Interest Rate described in Part H.7.; and

—the enrolled actuary reports the value of vested benefits at the plan's interest rate on line 2(b) of Schedule A,

the enrolled actuary must certify to the above on line 11(c) of Schedule A.

(iii) *Size Requirement*: Plans with any number of participants may use this method.

(iv) *Instructions*: For line-by-line instructions for completing Schedule A, see Part I, Subpart 1 of these instructions.

(v) *Schedule A Filing Method*: Check the box for Item 1(a).

b. Alternative Calculation Method. This method is a simplified method intended to approximate the more precise determinations of the General Rule. It uses two formulas to calculate unfunded vested benefits as of the last day of the plan year preceding the premium payment year.

The first formula adjusts the value of vested benefits for participants in pay status and deferred vested participants, as reported on Schedule B of the Form 5500 as of the first day of the plan year preceding the premium payment year, using the Required Interest Rate prescribed by ERISA. Part H.7. of these instructions tells you how to determine the Required Interest Rate that applies to your plan.

The second formula adjusts the resulting unfunded vested benefits figure for the passage of time from the first day of the plan year preceding the premium payment year to the last day of the plan year preceding the premium payment year. The adjustment is necessary because, for premium purposes, unfunded vested benefits are determined as of the last day of the plan year preceding the premium payment year. See the line-by-line instructions in Part I, Subpart 2, lines 2(b) and 4, for the two formulas.

If the Alternative Calculation Method is used by a plan that has 500 or more participants as of the last day of the plan year preceding the premium payment year, an

## Part H GENERAL INSTRUCTIONS FOR SCHEDULE A

enrolled actuary must adjust the unfunded vested benefits to reflect the occurrence of any significant event during the plan year preceding the premium payment year. See Part H.6. for a list of significant events.

(i) *General Requirements*: To use the Alternative Calculation Method, a plan must file a Form 5500 and Schedule B with the IRS, for the plan year preceding the premium payment year, that has -

- (A) vested benefit values reported on lines 2b(1), 2b(2), and 2b(3);
- (B) the interest rate, reported on line 6a(1), used to determine the vested benefit values;
- (C) the assumed retirement age reported on line 6b; and
- (D) assets reported on line 1b(2) or 2a.

(ii) *Certification Requirements (in addition to plan administrator certification)*: For plans with 500 or more participants, an enrolled actuary must certify on line 11(d) that the unfunded vested benefits have been adjusted for the occurrence, if any, of a significant event and that the adjustment is consistent with generally accepted actuarial principles and practices.

(iii) *Size Requirements*: Plans with any number of participants may use this method. However, plans with 500 or more participants that use this method must report unfunded vested benefits that reflect the occurrence, if any, of significant events listed in Part H.6.

(iv) *Instructions*: For line-by-line instructions for completing Schedule A, see Part I, Subpart 2, of these instructions.

(v) *Schedule A Filing Method*: Check the applicable box under Item 1(b). If your plan has fewer than 500 participants, check the box for Item 1(b)(1). If your plan has 500 or more participants, check the box for Item 1(b)(2).

### c. Plans Exempt From Variable Rate Premium.

Certain categories of plans are not required to determine or report vested benefits, assets or unfunded vested benefits on Schedule A, or to pay a variable rate premium. These plans are required only to complete lines 1 and 9 on the Schedule A indicating that the plan comes within one of the exempted categories and to provide the plan administrator and (if appropriate) enrolled actuary certifications.

(i) *Plans With No Vested Participants*. If a plan has no vested participants as of the last day of the plan year preceding the premium payment year, the plan administrator may use this filing method and report a \$0 variable rate premium on the Schedule A.

- (A) *General Requirements*: To use this rule a plan must have had no vested participants as of the last day of the plan year preceding the premium payment year.
- (B) *Certification Requirement (in addition to plan administrator certification)*: None. Only

the plan administrator certification is required.

(C) *Size Requirement*: Plans with any number of participants may use this method.

(D) *Instructions*: For line-by-line instruction for completing Schedule A, see Part I, Subpart 3, of these instructions.

(E) *Schedule A Filing Method*: Check the box on Schedule A, Item 1(c)(1).

(ii) *Section 412(i) Plans*. Plans described in section 412(i) of the Internal Revenue Code and regulations thereunder are not subject to the variable rate premium and report a \$0 variable rate premium on Schedule A.

(A) *General Requirements*: To use the section 412(i) plan rule, a plan must be a plan described in section 412(i) of the Code and the regulations thereunder at all times during the plan year preceding the premium payment year. If the plan is a new or newly covered plan, it must be a 412(i) plan at all times during the premium payment year through the due date for the variable rate premium.

(B) *Certification Requirement (in addition to plan administrator certification)*: None. Only the plan administrator certification is required.

(C) *Size Requirement*: Plans with any number of participants may use this method.

(D) *Instructions*: For line-by-line instructions for completing Schedule A, see Part I, Subpart 4, of these instructions.

(E) *Schedule A Filing Method*: Check the box on Schedule A, Item 1(c)(2).

(iii) *Fully Funded Small Plans*. Under this rule, an enrolled actuary certifies that the plan has no unfunded vested benefits. No computations of unfunded vested benefits need be reported. The enrolled actuary simply reports a \$0 variable rate premium on Schedule A.

(A) *General Requirements*: To use this rule, a plan must have fewer than 500 participants as of the last day of the plan year preceding the premium payment year and no unfunded vested benefits as of that date (valued at the Required Interest Rate described in Part H.7. of these instructions).

(B) *Certification Requirements (in addition to plan administrator certification)*: The enrolled actuary must certify on line 11(b) that the plan had fewer than 500 participants and that the plan had no unfunded vested benefits as of the last day of the plan year preceding the premium payment year (valued at the Required Interest Rate described in Part H.7. of these instructions).

(C) *Size Requirement*: Only plans with fewer than 500 participants on the last day of the plan

## Part H GENERAL INSTRUCTIONS FOR SCHEDULE A

year preceding the premium payment year may use this method.

(D) Instructions: For line-by-line instructions for completing Schedule A, see Part I, Subpart 5, of these instructions.

(E) Schedule A Filing Method: Check the box on Schedule A, Item 1(c)(3).

(iv) *Plans Terminating In Standard Terminations.*

Under this exemption, plans terminating in standard terminations are not subject to the variable rate premium and report a \$0 variable rate premium on Schedule A.

(A) General Requirements: Plans that issued a notice of intent to terminate in a standard termination in accordance with section 4041(a)(2) of ERISA, setting forth a proposed date of termination (i.e., the 60-day prospective date) that is on or before the last day of the plan year preceding the premium payment year may use this method.

If the plan does not ultimately make a final distribution of assets in full satisfaction of its obligations under the standard termination, the right to use this filing method will be revoked and the premium(s) that would otherwise have been required will be due retroactive to the applicable due date(s).

(B) Certification Requirement (in addition to plan administrator certification): None. Only the plan administrator certification is required.

(C) Size Requirement: Plans with any number of participants may use this method.

(D) Instructions: For line-by-line instructions for completing Schedule A, see Part I, Subpart 6, of these instructions.

(E) Schedule A Filing Method: Check the box on Schedule A, Item 1(c)(4).

(v) *Plans At The Full Funding Limit.* As provided below, plans at the full funding limit for the plan year preceding the premium payment year are exempt from the variable rate premium and should report a \$0 variable rate premium on Schedule A.

(A) General Requirements: Plans may use this method if, on or before the earlier of the due date for payment of the variable rate premium (see Part C) or the date the variable rate premium is paid, the plan's contributing sponsor or contributing sponsors made contributions to the plan for the plan year preceding the premium payment year in an amount not less than the full funding limitation for that preceding plan year under section 412(c)(7) of the Internal Revenue Code.

The determination of whether contributions for the preceding plan year were in an amount not less than the full funding limitation

under section 412(c)(7) of the Code for the preceding plan year is based on the method of computing the full funding limitation, including actuarial assumptions and funding methods, used by the plan (provided these assumptions and methods met all requirements, including the requirements for reasonableness, under section 412 of the Code) with respect to the preceding plan year. In the event of a PBGC audit, the plan administrator may be required to provide documentation to establish both the computation methods used and the conformance of those methods with the requirements of Code section 412. The PBGC will report to the Internal Revenue Service any plans using assumptions and methods that appear not to meet the requirements of Code section 412.

Generally, Code section 412(c)(7) defines the full funding limitation as the excess of a measure of the plan's liabilities over a measure of the plan's assets. In determining whether a plan is entitled to this exemption, plan assets should not be reduced by the amount of any credit balance in the plan's funding standard account.

A plan may be entitled to this exemption if contributions were rounded down slightly from the amount of the full funding limitation. Thus, any contribution that is rounded down to no less than the next lower multiple of one hundred dollars (in the case of full funding limitations up to one hundred thousand dollars) or to no less than the next lower multiple of one thousand dollars (in the case of full funding limitations above one hundred thousand dollars) is deemed for purposes of this exemption to be in an amount equal to the full funding limitation. (NOTE: Relief may also be available where the plan's actuary rounded off de minimis amounts to determine the full funding limit. Whether the exemption applies in such circumstances would be determined under the rule discussed in the preceding paragraph, based on a review of the plan's practice with respect to the computation methods used.)

A plan may be entitled to this exemption if the sum of the contributions for the plan year preceding the premium payment year was less than the full funding limit and the contributions plus the interest credit under the Code is at least equal to the full funding limit as of the end of the plan year preceding the premium payment year.

(B) Certification Requirement (in addition to plan administrator certification): The enrolled

## Part H GENERAL INSTRUCTIONS FOR SCHEDULE A

actuary must certify on line 11(e) that the plan has met the general requirements described above.

(C) **Size Requirement:** Plans with any number of participants may use this method.

(D) **Instructions:** For line-by-line instructions for completing Schedule A, see Part I, Subpart 7, of these instructions.

(E) **Schedule A Filing Method:** Check the box on Schedule A, item 1(c)(5).

d. **Plans Terminating In Distress Or Involuntary Terminations.** Under this special rule, plans terminating in distress or involuntary terminations may use a modified version of the Alternative Calculation Method.

(i) **General Requirements:** The following plans may use this method:

—Plans that issue notices of intent to terminate in a distress termination in accordance with ERISA section 4041(a)(2) setting forth a proposed termination date that is on or before the last day of the plan year preceding the premium payment year; or

—Plans for which the PBGC has initiated proceedings for an involuntary termination and has sought a termination date on or before the last day of the plan year preceding the premium payment year.

Some plans terminating in distress or involuntary terminations may not have filed the Schedule B for the plan year preceding the premium payment year and therefore would not be able to use the Alternative Calculation Method to calculate unfunded vested benefits. This filing method allows such plans to calculate unfunded vested benefits under a variation of the Alternative Calculation Method that uses vested benefit values and asset values from an earlier Schedule B than under the Alternative Calculation Method. The Schedule B used under this special rule must be for the plan year that includes (in the case of a distress termination) the proposed date of termination or (in the case of an involuntary termination) the termination date sought by the PBGC, or, if no Schedule B is filed for that plan year, the Schedule B for the preceding plan year. The Schedule B must have the entries required for the Alternative Calculation Method, as described in Part H.5.b.(i) of these instructions. (NOTE: Line item references in the Alternative Calculation Method instructions are to the 1996 Schedule B. If the Schedule B you are using under this special rule is for an earlier year with different line numbers, use the corresponding line numbers listed in Part I, Subpart 8.)

**NOTE:** This method assumes (in the case of a distress termination) that the PBGC has not disapproved the termination or (in the case of an involuntary termination) that the PBGC's petition for involuntary termination has not been denied, dismissed, or withdrawn. If any of

these events occurs, the plan will be treated as an ongoing plan and must file amended premium forms using another permitted filing method.

(ii) ***Certification Requirement (in addition to plan administrator certification):*** Same as for Alternative Calculation Method. (See Part H.5.b.(ii) of these instructions.)

(iii) ***Size Requirement:*** Same as for Alternative Calculation Method. (See Part H.5.b.(iii) of these instructions.)

(iv) ***Instructions:*** For line-by-line instructions for completing Schedule A, see Part I, Subpart 8, of these instructions.

(v) ***Schedule A Filing Method:*** Check the box on Schedule A, Item 1(d).

e. **Small Regulated Public Utility Plans Paying Maximum Variable Rate Premium.** Certain small Regulated Public Utility Plans that are required to pay the maximum variable rate premium or that choose to do so, rather than compute their unfunded vested benefits under the General Rule or the Alternative Calculation Method, can use this filing method. Plans using this method do not need to complete lines 2 through 7 of Schedule A.

(i) ***General Requirements:*** Plans may use this method if they check the box in item (d) at the top of page 1 of Schedule A and pay a variable rate premium of \$53 per participant. A plan that is maintained by any contributing sponsor that is not a Regulated Public Utility may NOT use this filing method. (See Definitions on page 2.)

(ii) ***Certification Requirement (in addition to plan administrator certification):*** None. Only the plan administrator certification is required.

(iii) ***Size Requirements:*** Plans with fewer than 500 participants may use this method.

(iv) ***Instructions:*** For line-by-line instructions for completing Schedule A, see Part I, Subpart 9 of these instructions.

(v) ***Schedule A Filing Method:*** Check the box on Schedule A, item 1(e).

### 6. Significant Events

a. **General Rule.** Plans filing under the General Rule must use actuarial assumptions and methods that reflect the occurrence, if any, of a significant event listed below between the date of the funding valuation for the plan year preceding the premium payment year and the last day of the plan year preceding the premium payment year.

b. **Alternative Calculation Method.** Plans with 500 or more participants filing under the Alternative Calculation Method are required to reflect in the value of unfunded vested benefits as of the last day of the plan year preceding the premium payment year the occur-

## Part H GENERAL INSTRUCTIONS FOR SCHEDULE A

rence, if any, of a significant event listed below during the plan year preceding the premium payment year.

c. Distress Or Involuntary Terminations. Plans with 500 or more participants filing under the method for plans terminating in distress or involuntary terminations are required to reflect in the value of unfunded vested benefits as of the last day of the plan year preceding the premium payment year the occurrence, if any, of a significant event listed below between the first day of the plan year for which the Schedule B being used was filed and the last day of the plan year preceding the premium payment year.

d. Significant Events. In each of the above circumstances, the plan's enrolled actuary must make appropriate adjustments to reflect the occurrence of any significant event.

The Significant Events are:

- (1) an increase in the plan's actuarial costs (consisting of the plan's normal cost under section 412(b)(2)(A) of the Code, amortization charges under section 412(b)(2)(B) of the Code, and amortization credits under section 412(b)(3)(B) of the Code) attributable to a plan amendment, unless the cost increase attributable to the amendment is less than 5% of the actuarial costs determined without regard to the amendment;
- (2) the extension of coverage under the plan to a new group of employees resulting in an increase of 5% or more in the plan's liability for accrued benefits;
- (3) a plan merger, consolidation or spinoff that is not de minimis pursuant to the regulations under section 414(l) of the Code;
- (4) the shutdown of any facility, plant, store, etc., that creates immediate eligibility for benefits that would not otherwise be immediately payable for participants separating from service;
- (5) the offer by the plan for a temporary period to permit participants to retire at benefit levels greater than that to which they would otherwise be entitled;
- (6) a cost-of-living increase for retirees resulting in an increase of 5% or more in the plan's liability for accrued benefits; and
- (7) any other event or trend that results in a material increase in the value of unfunded vested benefits.

### 7. Required Interest Rate For Valuing Vested Benefits

a. General Information. The Required Interest Rate to be used in valuing vested benefits of a plan (other than a Regulated Public Utility Plan with a 1997 premium payment year beginning after June 30) under the General Rule, the Alternative Calculation Method, or the method for plans terminating in involuntary or distress terminations can be obtained by calling (202) 326-4041. Except for Regulated Public Utility Plans with 1997 premium

payment years beginning after June 30, the Required Interest Rate that applies to you is also printed on the top line of the mailing label used to mail your premium payment package. The rate is determined by the month in which your plan year begins. Check the month on the mailing label to make sure it corresponds to the first month of your premium payment year.

The Required Interest Rate is equal to the "applicable percentage" of the annual yield for 30-year Treasury constant maturity securities, which is reported in Federal Reserve Statistical Release G.13 and H.15, for the calendar month preceding the calendar month in which the premium payment year begins. In general, the "applicable percentage" for 1997 premium payment years is 80 percent if the premium payment year begins before July 1 and 85 percent if it begins after June 30. The "applicable percentage" is different for Regulated Public Utility Plans with 1997 premium payment years beginning after June 30.

On or about the 15th of each month, the PBGC publishes in the Federal Register a list of the Required Interest Rates for the preceding 12 months (for plans other than Regulated Public Utility Plans with 1997 premium payment years beginning after June 30).

Additionally, the National Technical Information Service provides the Required Interest Rates (for plans other than Regulated Public Utility Plans with 1997 premium payment years beginning after June 30) and other PBGC interest rates through a subscription service.

For further information, contact:

U.S. Department of Commerce  
National Technical Information Service  
5285 Port Royal Road  
Springfield, VA 22161  
Telephone: (703) 487-4630  
Facsimile: (703) 321-8547  
Order No.: SUB-9244

*These are not toll free numbers, and collect calls cannot be accepted.*

Required Interest Rates (for plans other than Regulated Public Utility Plans with 1997 premium payment years beginning after June 30) are also posted on the PBGC's World Wide Web site (<http://www.pbgc.gov>).

b. Regulated Public Utility Plans with 1997 Premium Payment Years Beginning After June 30. Regulated Public Utility Plans with premium payment years beginning January 1 through June 30, 1997, use the same Required Interest Rates as other plans. For a Regulated Public Utility Plan whose premium payment year begins during the period July 1 through December 31, 1997, the Required Interest Rate is determined using a different "applicable percentage" than for other plans. If your plan is a Regulated Public Utility Plan with a 1997 premium payment year beginning after

## Part I LINE-BY-LINE INSTRUCTIONS FOR SCHEDULE A

June 30, you can determine the Required Interest Rate for your plan by converting the Required Interest Rate that would apply if your plan were not a Regulated Public Utility Plan, using the “Required Interest Rate Worksheet” on page 38.

c. For Further Information, contact:

Pension Benefit Guaranty Corporation  
Communications & Public Affairs Department  
1200 K Street, NW  
Washington, DC 20005-4026  
Telephone: (202) 326-4040

*This is not a toll free number, and collect calls cannot be accepted*

### 8. Certification Of Plan Administrator

The plan administrator of a single-employer plan must sign and date the certification in item 10 of Schedule A. We may return any filing that does not have your original signature in item 10. The certification has two parts: a general certification about the correctness of your premium filing, and a certification regarding compliance with the participant notice requirements in ERISA section 4011 (29 U.S.C. 1311) and the PBGC’s regulation on Disclosure to Participants (29 CFR Part 4011—formerly Part 2627).

For each plan year in which a variable rate premium is payable for a plan, the plan administrator must issue a notice to participants about the plan’s funding status and the limits on the PBGC’s guarantee, unless the plan is exempt from the notice requirement under the Disclosure to Participants regulation. The participant notice is due no later than two months after the Form 5500 due date (or extended due date) for the prior plan year. For purposes of determining whether the participant notice was timely issued, if any due date (or extended due date) falls on a Saturday, Sunday, or legal holiday, the applicable due date is the next business day.

The certification relates to the participant notice requirement for the plan year preceding the premium payment year. You must check box (a), (b), or (c). If you check box (c) (e.g., because a required participant notice was not issued or was issued late), you must attach an explanation and check the box in item 19 of Form 1.

**NOTE:** If your plan had no variable rate premium for the plan year preceding the premium payment year, the participant notice requirement did not apply for that year and you can check box (a). Other exemptions are described in the Disclosure to Participants regulation. Note in particular that the regulation contains exemptions for certain new and newly-covered plans.

## Part I LINE-BY-LINE INSTRUCTIONS FOR SCHEDULE A

**Note:** Money amounts entered in items 2, 3, and 4 of Schedule A should be in dollars only (no cents). See rounding instructions under these items.

The instructions in this Part are divided into a separate Subpart for each one of the Filing Methods in Item 1 of Schedule A.

To determine which filing method your plan may use, see Part H.5., Requirements for Filing Method Selection.

You will only need to follow the instructions in the Subpart for the filing method you select. Each Subpart has all the instructions you will need to fill out each line on the Schedule A for the filing method you use.

Some filing methods do not require that all lines on the Schedule A be completed. For those methods, we have provided instructions only for the lines that do need to be completed.

Below is an index to the Subparts in this part. On the left under “*FILING METHOD*” are the filing methods with the appropriate box for you to check on Schedule A, Item 1, to indicate your choice. On the right under “*SUBPART*” is the appropriate Subpart in this Part with the line-by-line instructions.

<u>FILING METHOD</u>	<u>SUBPART</u>
Index to Part I Subparts	
Box to check in Item 1	
a. General Rule: (Box (a) in Item 1) .....	Subpart 1
b. Alternative Calculation Method:	
(1) Plans with fewer than 500 participants. (Box (b)(1) in Item 1) .....	Subpart 2
(2) Plans with 500 or more participants. (Box (b)(2) in Item 1) .....	Subpart 2
c. Plans not required to determine unfunded vested benefits:	
(1) Plans with No Vested Participants. (Box (c)(1) in Item 1) .....	Subpart 3
(2) 412(i) Plans. (Box (c)(2) in Item 1) .....	Subpart 4
(3) Fully Funded Plans with fewer than 500 participants. (Box (c)(3) in Item 1) .....	Subpart 5
(4) Plans Terminating in Standard Terminations. (Box (c)(4) in Item 1) .....	Subpart 6
(5) Plans at Full Funding Limit. (Box (c)(5) in Item 1) .....	Subpart 7
d. Plans Terminating in Distress or Involuntary Terminations. (Box (d) in Item 1) .....	Subpart 8
e. Small Regulated Public Utility Plans Paying Maximum Variable Rate Premium. (Box (e) in Item 1) .....	Subpart 9

## Part I LINE-BY-LINE INSTRUCTIONS FOR SCHEDULE A

### Subpart 1 GENERAL RULE

Be sure to read Part H.5.a. carefully, in addition to the following line-by-line instructions.

#### Line 1 Filing Method

If you use the General Rule, you must check the box in Item 1(a). If you use the accrued benefits rule for plans with 500 or more participants for line 2(a), the enrolled actuary must initial the box on line 11(a) as part of the required certification for all plans using the General Rule.

#### Line 2 Present Value Of Vested Benefits

You must report on line 2 the value of the plan's vested benefits. Round entries that include cents down to the next lower whole dollar amount. The value of a plan's vested benefits for premium purposes equals the amount of a plan's current liability (within the meaning of section 302(d)(7) of ERISA) determined by taking into account only vested benefits. You must report on line 2(a) the value of vested benefits using the plan's interest rate for determining current liability, and on line 2(b) the value of vested benefits using the Required Interest Rate.

#### **Relief Rule** Accrued Benefit Relief Rule For Large Plans

This is a special rule providing relief from determining vested benefits for certain plans that had 500 or more participants on the last day of the plan year preceding the premium payment year.

If an enrolled actuary determines that the Total Value of Plan Assets on line 3(d) equals or exceeds the value of *all* benefits accrued under the plan (using plan assumptions, except that the benefits must be valued at the Required Interest Rate as defined in the instructions to Line 2(b)), the enrolled actuary need not determine the values of the plan's vested benefits. The actuary may instead report on line 2(a) the values of accrued benefits using the plan's assumptions and on 2(b) the values of accrued benefits adjusted only for the Required Interest Rate.

If you use this rule, the enrolled actuary must initial box (a) on line 11.

#### **Relief Rule** Interest Adjustment Relief Rule

If the Required Interest Rate for your plan is equal to or greater than the plan interest rate used to value the benefits entered on line 2(a), you may enter the line 2(a) amounts on line 2(b).

If you use this relief rule for line 2(b), the enrolled actuary for the plan must initial box (c) on line 11.

#### Determination Date

Enter the date as of which the value of vested benefits was determined for premium purposes. The

determination date must be either the first day of the premium payment year or the last day of the plan year preceding the premium payment year.

#### Assumed Retirement Age

Enter the assumed retirement age used to determine the present value of vested benefits for participants and beneficiaries not receiving payments.

#### Required Interest Rate

Enter the Required Interest Rate (See Part H.7. of these instructions) that must be used by the plan to value vested benefits for premium purposes.

#### Accrual Factor

The accrual factor refers to the benefit accrual adjustment, which does not apply to plans using the General Rule. Do not enter anything in this space.

#### Line 2(a)(1) Plan Value of Vested Benefits - Those Receiving Payments

In the "Value" column, enter the present value of vested benefits for retirees and beneficiaries receiving payments.

In the "Interest Rate" column, enter the current liability interest rate.

#### Line 2(a)(2) Plan Value of Vested Benefits - Those *Not* Receiving Payments

In the "Value" column, enter the present value of vested benefits for participants and beneficiaries not receiving payments. This includes all active vested participants and separated participants with deferred vested benefits.

In the "Interest Rate" column, enter the current liability interest rate.

#### Line 2(a)(3) Total Plan Value of Vested Benefits

Enter the total amount of the present value of vested benefits determined with the plan's actuarial assumptions. This is the total of line 2(a)(1) plus line 2(a)(2).

#### Line 2(b) Adjusted Value of Vested Benefits

You must report on line 2(b) the adjusted value of vested benefits using the Required Interest Rate entered on line 2. The determination of the adjusted value must meet all the requirements set forth in Part H.5.a. of these instructions.

#### Line 2(b)(1) Adjusted Value of Vested Benefits - Those Receiving Payments

Enter the adjusted present value of vested benefits for retirees and beneficiaries receiving payments, determined by adjusting the amount on line 2(a)(1) in accordance with the requirements set forth in Part H.5.a. of these instructions.

## Part I LINE-BY-LINE INSTRUCTIONS FOR SCHEDULE A

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### Line 2(b)(2) Adjusted Value of Vested Benefits - Those *Not* Receiving Payments

Enter the adjusted present value of vested benefits for participants not receiving payments, determined by adjusting the amount on line 2(a)(2) in accordance with the requirements set forth in Part H.5.a. of these instructions.

### Line 2(b)(3) Total Adjusted Vested Benefits

Enter the total amount of the present value of adjusted vested benefits. This is the sum of line 2(b)(1) plus line 2(b)(2).

### Line 3 Value Of Plan Assets

#### Line 3(a) Value Of Plan Assets As Of Determination Date

Enter the date as of which assets were valued for premium purposes. The date must be the same as the determination date you entered on line 2.

Enter the actuarial value of the plan's assets determined in accordance with ERISA section 302(c)(2) without a reduction for any credit balance in the funding standard account. Round an entry that includes cents up to the next higher whole dollar amount. You may not include on line 3(a) contributions for the premium payment year or later, whether or not made. Adjust all receipts and disbursements for interest.

#### Line 3(b) Contribution Receivables In Line 3(a)

Enter the sum of employer and employee contribution receivables that were included in the line 3(a) amount. Round an entry that includes cents down to the next lower whole dollar amount.

#### Line 3(c) Discounted Paid Contributions

For plans with fewer than 500 participants, this line is optional; you may go to line 3(d). If you do not complete this line, you may understate the adjusted value of assets you will report on line 3(d). If this would affect the amount of the variable rate premium that the plan owes, you may wish to complete line 3(c).

Enter on line 3(c) the discounted value, as of the determination date entered on line 3, of those employer and employee contributions for plan years prior to the premium payment year that were either reported on line 3(b) (because they were included as receivables in the line 3(a) amount) or that were not included (as receivables or otherwise) in the Line 3(a) amount. However, do not include in line 3(c) any contributions that are for the premium payment year or any contributions that have not been paid on or before the earlier of the premium due date or the date the premium is paid. Round an entry that includes cents up to the next higher whole dollar amount.

The plan asset valuation rate must be used to discount contributions, on a simple or compound basis in accordance with the plan's discounting rules.

### Line 3(d) Adjusted Value Of Plan Assets

Enter the sum of line 3(a), minus line 3(b), plus line 3(c).

### Line 4 Adjusted Unfunded Vested Benefits

The adjusted unfunded vested benefits is the excess, if any, of the Total Adjusted Vested Benefits entered on line 2(b)(3) over the Adjusted Value of Plan Assets entered on line 3(d).

If line 2(b)(3) is less than line 3(d), enter \$0 here and go to line 9 and enter \$0; if not, subtract line 3(d) from line 2(b)(3), round up to the next \$1,000, and enter here.

An enrolled actuary must certify that the determination of unfunded vested benefits was made in a manner consistent with generally accepted actuarial principles and practices. The certification is made by signing and completing line 11.

### Line 5 Multiply Line 4 By 0.009

Multiply the adjusted unfunded vested benefit amount on line 4 by 0.009 and enter on line 5. If your plan is NOT a Regulated Public Utility Plan, skip lines 6-8 and enter the amount from line 5 on line 9.

### Line 6 The Participant Count

Regulated Public Utility Plans only: Enter the participant count from Form 1, line 13(a).

### Line 7 Divide Line 5 By Line 6

Regulated Public Utility Plans only: Divide the amount on line 5 by the participant count on line 6 and enter. Round to the nearest cent. This is the initial per participant variable rate premium. If it is greater than \$53, it may be reduced on line 8.

### Line 8 Per-Participant Variable Rate Premium

Regulated Public Utility Plans only: If line 7 is \$53 or less, enter the amount from line 7 on line 8. If line 7 is greater than \$53, enter on line 8 the amount from line (vi) of the Variable Rate Worksheet on page 37.

### Line 9 Variable Rate Premium

Enter on line 9 and on Form 1, line 15(b), the variable rate premium. You have three alternatives:

a. If you checked any box on line 1(c) OR if you have a plan that has *NO* Adjusted Unfunded Vested Benefits shown on line 4, enter \$0.

b. If you completed line 5 and your plan is NOT a Regulated Public Utility Plan, enter the amount on line 5.

c. Otherwise, multiply line 8 by the participant count from Schedule A, line 6 and enter the result here.

### Line 10 Plan Administrator Certification

As plan administrator, you must sign and date the certification in the space provided. We may return any filing that does not have your original signature. See instructions in Part H.8.



## Part I LINE-BY-LINE INSTRUCTIONS FOR SCHEDULE A

### Line 11 Enrolled Actuary Certification

An enrolled actuary must personally sign, date and enter his or her enrollment number and address in the space provided on the certification on line 11. If the Accrued Benefit Relief Rule for line 2 was used, the enrolled actuary must initial box (a) on line 11. If the Interest Adjustment Relief Rule was used for line 2, the enrolled actuary must initial box (c) on line 11.

### Subpart 2 ALTERNATIVE CALCULATION METHOD

#### Line 1 Filing Method

If you use the Alternative Calculation Method, you must check one of the boxes in Item 1(b).

If your plan has fewer than 500 participants, check box 1(b)(1).

If your plan has 500 or more participants, check box 1(b)(2). Your enrolled actuary must sign the certification on line 11.

#### Line 2 Present Value Of Vested Benefits

Round entries that include cents down to the next lower whole dollar amount.

##### Determination Date

Enter the date as of which the vested benefits for the 1996 Form 5500, Schedule B, line 2b, were valued. That date must be the first day of the 1996 plan year. If it is not, you cannot use the Alternative Calculation Method.

##### Assumed Retirement Age

Enter the assumed retirement age used to determine the present value of vested benefits for participants and beneficiaries not receiving payments. The entry must be the same as the retirement age actuarial assumption reported on the 1996 Form 5500, Schedule B, line 6b.

##### Required Interest Rate

Enter the Required Interest Rate (see Part H.7. of these instructions) that must be used to determine the adjusted present value of vested benefits.

##### Accrual Factor

The accrual factor refers to the benefit accrual adjustment factor of 1.07 that you use in the "Line 2(b) Procedure."

#### Line 2(a)(1) Plan Value Of Vested Benefits - Those Receiving Payments

In the "Value" column, enter the present value of vested benefits for retirees and beneficiaries receiving payments, determined as of the first day of the 1996 plan year. The amount entered must be the same as the amount reported on the 1996 Form 5500, Schedule B, line 2b(1), in the Vested Benefits column, "Operational information as of beginning of this plan year—'RPA '94' current liability for retired participants and beneficiaries receiving payments."

In the "Interest Rate" column, enter the plan interest rate used to determine the present value of vested benefits. The interest rate must be the same as the current liability interest rate reported on the 1996 Form 5500, Schedule B, line 6a(1).

#### Line 2(a)(2) Plan Value of Vested Benefits - Those *Not* Receiving Payments

In the "Value" column, enter the present value of vested benefits for participants not receiving payments, determined as of the first day of the 1996 plan year. This includes all active vested participants and separated participants with deferred vested benefits. The amount entered must be the sum of the following two amounts reported on the 1996 Form 5500, Schedule B:

a. Line 2b(2), in the Vested Benefits column, "Operational information as of beginning of this plan year—'RPA '94' current liability for terminated vested participants," and

b. Line 2b(3), in the Vested Benefits column, "Operational information as of beginning of this plan year—'RPA '94' current liability for active participants."

In the "Interest Rate" column, enter the plan interest rate used to determine the present value of vested benefits. The interest rate must be the same as the current liability interest rate reported on the 1996 Form 5500, Schedule B, line 6a(1).

#### Line 2(a)(3) Total Plan Value of Vested Benefits

Enter the total amount of the present value of vested benefits determined with the plan's actuarial assumptions. This is the total of line 2(a)(1) plus line 2(a)(2). The amount entered must be the same as the amount on the 1996 Form 5500, Schedule B, line 2b(4) in the Vested Benefit column, "Operational information as of beginning of this plan year—'RPA '94' current liability: Total."

#### Line 2(b)(1) Adjusted Value of Vested Benefits - Those Receiving Payments

Enter the adjusted present value of vested benefits for retirees and beneficiaries receiving payments, determined by adjusting the amount on line 2(a)(1) of Schedule A to value the benefits using the Required Interest Rate. To adjust the value of the benefits, you must use the formula in the "Line 2(b) Procedure" following line 2(b)(3) below.

#### Line 2(b)(2) Adjusted Value of Vested Benefits - Those *Not* Receiving Payments

Enter the adjusted present value of vested benefits for participants not receiving payments, determined by adjusting the amount on line 2(a)(2) of Schedule A to add benefit accruals for the plan year preceding the premium payment year and to value the benefits using the Required Interest Rate. The adjustment for benefit accruals is 7% of the amount on line 2(a)(2). To add the benefit accruals and to adjust the value of the benefits using the

## Part I LINE-BY-LINE INSTRUCTIONS FOR SCHEDULE A

Required Interest Rate, you must use the formula in the “Line 2(b) Procedure” following line 2(b)(3) (unless you qualify for the Interest Adjustment Relief Rule described below).

### Line 2(b)(3) Total Adjusted Vested Benefits

Enter the total adjusted vested benefits. This amount is the total of line 2(b)(1) plus line 2(b)(2).

### Line 2(b) Procedure - How To Compute Adjusted Vested Benefits

**Relief Rule** If the Required Interest Rate for your plan entered on line 2 is equal to or greater than the plan interest rate entered on lines 2(a)(1) and 2(a)(2), you do not have to use the formula below to calculate the adjusted value of vested benefits. However, you must adjust the amount entered on line 2(a)(2) by multiplying it by 1.07, the benefit accrual adjustment factor. Enter on line 2(b)(1) the same amount you entered on line 2(a)(1), and enter on line 2(b)(2) the adjusted line 2(a)(2) amount.

If you use this relief rule for line 2(b), by signing the certification in item 10 you are certifying that the adjusted value of vested benefits on line 2(b) is the same as the plan value of vested benefits on line 2(a) because the plan interest rate used to value the vested benefits entered on lines 2(a)(1) and 2(a)(2) was equal to or less than the Required Interest Rate.

**Procedure** Use the formula below to compute the adjusted value of vested benefits that you must enter on line 2(b)(1), line 2(b)(2) and line 2(b)(3). Enter all interest rates in the formula as in the following example: Enter 6.75 percent as “6.75,” not as “.0675.”

The formula adjusts the values of vested benefits for retired participants and beneficiaries receiving benefit payments and for other participants not receiving benefits that you entered on line 2(a)(1) and line 2(a)(2) of PBGC Schedule A. This information comes from your 1996 Form 5500, Schedule B. The formula adjusts your plan values to reflect the Required Interest Rate. The formula also adjusts for benefit accruals during the plan year preceding the premium payment year. You may wish to use the spaces provided as a work sheet.

One part of the formula, the expression “.94<sup>(RIR - BIR)</sup>,” may result in a fractional exponent and will result in a negative exponent when your plan’s current liability interest rate is higher than the Required Interest Rate. You may use an optional procedure to substitute a factor for this expression. See “Procedure - How To Use Substitution Factors for the term “.94<sup>(RIR - BIR)</sup>” below.

Formula for Total Adjusted Vested Benefits (line 2(b)(3)):

$$VB_{adj} = VB_{Pay} \times .94^{(RIR - BIR)} + [VB_{Nonpay} \times .94^{(RIR - BIR)} \times ((100 + BIR) / (100 + RIR))^{(ARA - 50)}]$$

**Note:** The VB<sub>Nonpay</sub> amount is the amount entered on Schedule A line 2(a)(2) multiplied by 1.07 (the benefit accrual adjustment factor) to reflect accruals during the preceding plan year.

a. **Line 2(b)(1) amount** - Adjusted Vested Benefits for retirees and beneficiaries receiving payments.

$$\text{Line 2(b)(1)} = VB_{Pay} \times .94^{(RIR - BIR)}$$

b. **Line 2(b)(2) amount** - Adjusted Vested Benefits for participants *not* receiving payments.

$$\text{Line 2(b)(2)} = VB_{Nonpay} \times .94^{(RIR - BIR)} \times ((100 + BIR) / (100 + RIR))^{(ARA - 50)}$$

### c. Definitions.

1. VB<sub>adj</sub> is the adjusted vested benefits amount (as of the first day of the plan year preceding the premium payment year) under the Alternative Calculation Method ..... \$ \_\_\_\_\_
2. VB<sub>Pay</sub> is the amount entered on line 2(a)(1) ..... \$ \_\_\_\_\_
3. VB<sub>Nonpay</sub> is the amount entered on line 2(a)(2) multiplied by 1.07 \$ \_\_\_\_\_
4. RIR is the Required Interest Rate entered on line 2..... %
5. BIR is the current liability interest rate entered on lines 2(a)(1) and 2(a)(2) in the “Interest Rate” column \_\_\_\_\_ %
6. ARA is the assumed retirement age entered on line 2..... years

### Procedure How To Use Substitution Factors for the term “.94<sup>(RIR - BIR)</sup>”

You may use “substitution factors” in the Alternative Calculation Method interest rate adjustment formula to replace the term “.94<sup>(RIR - BIR)</sup>.” The use of the “substitution factors” is *not* required; it is *optional*.

The use of the “substitution factors” may slightly overstate the present value of vested benefits and may overstate the amount of the variable rate premium. The PBGC has rounded all substitution factors up or down to produce the higher value of vested benefits. The impact of this rounding is minimal. At most, the rounding would overstate the value of vested benefits by less than 1%.

The substitution factors are in Appendix A. Use the substitution factor in Table A when RIR is equal to or greater than BIR rounded to the nearest hundredth. Use the substitution factor in Table B when BIR, rounded to the nearest hundredth, is greater than RIR.

## Line 3 Value of Plan Assets

### Line 3(a) Value Of Plan Assets As Of Determination Date

Enter the first day of the 1996 plan year. This is the date as of which you must report the value of plan assets.

Enter the value of assets as reported on the 1996 Schedule B, line 1b(2), *if* the date reported on the 1996 Schedule B, line 1a, is the first day of the 1996

## Part I LINE-BY-LINE INSTRUCTIONS FOR SCHEDULE A

plan year. *But*, if that date is *not* the first day of the 1996 plan year, enter the value of assets as of the first day of the 1996 plan year, as reported on line 2a of the same Schedule B. Round an entry that includes cents up to the next higher whole dollar amount.

### Line 3(b) Contribution Receivables In Line 3(a)

Enter the sum of employer and employee contribution receivables that were included in the line 3(a) amount. Round an entry that includes cents down to the next lower whole dollar amount. On the 1996 Form 5500, this amount is the sum of Item 31b(1)(a) and 31b(2)(a), current value of plan assets, receivables for employer and participant contributions as of the beginning of the plan year.

For plans that file a Form 5500-C/R, you may either calculate the contribution receivables amount (you must keep a record of your calculations) or you may enter the sum of the amounts reported on Form 5500-C, Item 27b, column (a), current value of plan assets, receivables as of the beginning of the plan year.

**NOTE:** If the amount in Item 27b, column (a), includes items in addition to contribution receivables, this will *understate* the adjusted value of assets you will report on line 3(d).

### Line 3(c) Discounted Paid Contributions

For plans with fewer than 500 participants, this line is optional; you may go to line 3(d). If you do not complete this line, you may understate the adjusted value of assets you will report on line 3(d). If this would affect the amount of the variable rate premium that the plan owes, you may wish to complete line 3(c).

Enter on line 3(c) the discounted value of those employer and employee contributions paid for plan years prior to the premium payment year that were reported on line 3(b) (because they were included as receivables in the line 3(a) amount) or that were not included (as receivables or otherwise) in the line 3(a) amount. Do not include in line 3(c) any contributions that are for the premium payment year or any contributions that have not been paid on or before the earlier of the due date for the variable rate premium or the date that premium is paid. Round an entry that includes cents up to the next higher whole dollar amount.

The contributions must be discounted back to the first day of the 1996 plan year, and the discount rate you must use is the Required Interest Rate (RIR) entered on line 2. To discount your contributions, you must use the formula in the "Line 3 Procedure" below.

#### **Procedure** Line 3 Procedure - How To Discount Contributions

You must use the formula below to discount each contribution included in line 3(c) from the date paid back to the date entered on line 3(a). The sum of the discounted contributions is entered on line 3(c).

Each "discounted contribution" (DC) is computed by dividing the contribution paid by the "discount interest rate factor" for the discount period. The computation of the "discount interest rate factor" is based on the Required Interest Rate (RIR) entered on line 2. Thus, for example, if the RIR is 6.30%, the "discount interest rate factor" is 1.0630. The "discount period" (DP) is the number of days from the date the contribution was paid back to the date entered on line 3(a). As part of the exponent in the formula, the "discount period" adjusts the "discount interest rate factor" for periods of different durations. One year is 365/365 or 1. (The formula assumes a 365-day year.)

$$\text{Discounted Contribution (DC)} = \text{Contribution} / [(1 + (\text{RIR} / 100))^{(\text{DP} / 365)}]$$

where:

1. RIR is the Required Interest Rate entered on line 2 ..... %
2. DP is the discount period expressed as the number of days from the date the contribution was paid back to the date entered on line 3(c); for example, one year and 183 days would be 548 days ...

**Example** A calendar year plan paying its premium for the 1997 premium payment year made a \$1,000 contribution on July 2 of the premium payment year for the prior plan year. The discount period is July 2 of the premium payment year to January 1 of the prior plan year, or 548 days. Assume that the RIR for the premium payment year is 6.30%. When Contribution = \$1,000, RIR = 6.30%, and the Discount Period (DP) = 548 days, the amount of the Discounted Contribution (DC) is computed as follows:

$$\begin{aligned} \text{DC} &= \$1,000 / [(1 + (6.30/100))^{(548 / 365)}] \\ \text{DC} &= \$1,000 / [(1 + 0.0630)^{(1.50137)}] \\ \text{DC} &= \$1,000 / [(1.0630)^{(1.50137)}] \\ \text{DC} &= \$1,000 / 1.096065 \\ \text{DC} &= \$912.35 \end{aligned}$$

If the discount period for a contribution includes a partial year, instead of using this formula for the entire period, you may use simple interest for the partial year and this formula for the full year(s), if any, in the discount period, and add the two results.

### Line 3(d) Adjusted Value Of Plan Assets

Enter the sum of line 3(a) minus line 3(b) plus line 3(c).

### Line 4 Adjusted Unfunded Vested Benefits

The Adjusted Unfunded Vested Benefits is the excess, if any, of the Total Adjusted Vested Benefits entered on line 2(b)(3) over the Adjusted Plan Assets entered on line 3(d), further adjusted for the passage of time from the determination date entered on line 2 to the last day of the 1996 plan year. To determine Adjusted Unfunded Vested Benefits, use the "Line 4 Procedure" below. You may wish to use the space provided as a work sheet.

## Part I LINE-BY-LINE INSTRUCTIONS FOR SCHEDULE A

Plans with fewer than 500 participants compute the Adjusted Unfunded Vested Benefits by using Step 1 and Step 2 of the “Line 4 Procedure” below and entering the result (**UVB<sub>adj</sub>**) on line 4.

Plans with 500 or more participants compute the Adjusted Unfunded Vested Benefits by using Step 1, Step 2 and Step 3 of the “Line 4 Procedure” below and entering the result (**UVB<sub>adj</sub>**) on line 4.

### **Procedure** Line 4 Procedure - How To Compute Adjusted Unfunded Vested Benefits

#### Step 1. Unfunded Vested Benefits.

A. If line 3(d), Adjusted Value of Plan Assets, is equal to or greater than line 2(b)(3), Total Adjusted Vested Benefits, you have *no* Adjusted Unfunded Vested Benefits; enter \$0 on line 4 and go to line 9.

B. If line 3(d), Adjusted Value of Plan Assets is less than Line 2(b)(3), Total Adjusted Vested Benefits, you do have Adjusted Unfunded Vested Benefits. Compute the amount of Unfunded Vested Benefits as of the determination date entered on line 2 as follows:

1. Total Adjusted Vested Benefits from line 2(b)(3) ..... \$ \_\_\_\_\_
2. *Minus:* Adjusted Value of Plan Assets from line 3(d) ..... \$ \_\_\_\_\_
3. Unfunded Vested Benefits (1 minus 2) ..... \$ \_\_\_\_\_
4. Go to Step 2

#### Step 2. Passage Of Time.

Adjust the Unfunded Vested Benefits entered above to reflect the passage of time from the determination date entered on line 2 using the following formula:

$$UVB_{adj} = (VB_{adj} - A_{adj}) \times (1 + RIR / 100)^Y;$$

where—

1.  $UVB_{adj}$  is the amount of the plan’s Adjusted Unfunded Vested Benefits on which the variable rate portion of the premium will be assessed.  
NOTE: Round up to the next \$1,000 and enter on line 4 ..... \$ \_\_\_\_\_
2.  $VB_{adj}$  is the value of the Total Adjusted Vested Benefits entered on line 2(b)(3) ..... \$ \_\_\_\_\_
3.  $A_{adj}$  is the Adjusted Value Of Plan Assets entered on line 3(d) ..... \$ \_\_\_\_\_
4. RIR is the Required Interest Rate entered on line 2 ..... \_\_\_\_\_ %
5. Y is deemed to be equal to 1 (unless the plan year preceding the premium payment year is a short plan year, in which case Y is the number of days in the short plan year (counting both the first day and the last day of the short plan year) divided by 365, expressed as a decimal fraction of 1.0 with two digits to the right of the decimal point) ..... \_\_\_\_\_ years

If you have a plan with fewer than 500 participants, skip Step 3 below and go to line 5; otherwise, you must proceed to Step 3.

#### Step 3. Significant Event Adjustment.

If you have a plan with 500 or more participants, an enrolled actuary must certify to either A or B below by completing the certification on line 11 (including, in particular, box (d) of Line 11) of the Schedule A.

A. No significant event, as described in Part H.6. of these instructions, occurred during the plan year preceding the premium payment year. If this is the case, enter  $UVB_{adj}$  from Step 2 above on line 4.

B. One or more significant events have occurred during the plan year preceding the premium payment year, and the enrolled actuary has made appropriate adjustments to  $UVB_{adj}$  from Step 2 above to reflect the occurrence of the significant event in accordance with generally accepted actuarial principles and practices. If this is the case, you may use the following worksheet:

1. Enter  $UVB_{adj}$  from Step 2 above .... \$ \_\_\_\_\_
2. Enter the adjustment to  $UVB_{adj}$  to reflect significant events (if negative, place in parentheses) ..... \$ \_\_\_\_\_
3. Add 1 and 2, round up to the next \$1,000, and enter here and on line 4 \$ \_\_\_\_\_

#### Line 5 Multiply Line 4 By 0.009

Multiply the Adjusted Unfunded Vested Benefits amount on line 4 by 0.009 and enter on line 5. If your plan is NOT a Regulated Public Utility Plan, skip lines 6-8 and enter the amount from line 5 on line 9.

#### Line 6 The Participant Count

Regulated Public Utility Plans only: Enter the participant count from Form 1, line 13(a).

#### Line 7 Divide Line 5 By Line 6

Regulated Public Utility Plans only: Divide the amount on line 5 by the participant count on line 6 and enter. Round to the nearest cent. This is the initial per participant variable rate portion of the premium. If it is greater than \$53, it may be reduced on line 8.

#### Line 8 Per-Participant Variable Rate Premium

Regulated Public Utility Plans only: If line 7 is \$53 or less, enter the amount from line 7 on line 8. If line 7 is greater than \$53, enter on line 8 the amount from line (vi) of the Variable Rate Worksheet on page 37.

#### Line 9 Variable Rate Premium

Enter on line 9 and on Form 1, line 15(b), the variable rate premium. You have three alternatives:

a. If you checked any box on line 1(c) OR if you have a plan that has *NO* Adjusted Unfunded Vested Benefits shown on line 4, enter \$0.

b. If you completed line 5 and your plan is NOT a Regulated Public Utility Plan, enter the amount on line 5.

## Part I LINE-BY-LINE INSTRUCTIONS FOR SCHEDULE A

c. Otherwise, multiply line 8 by the participant count from Schedule A, line 6 and enter the result here.

### Line 10 Plan Administrator Certification

As plan administrator, you must sign and date the certification in the space provided. We may return any filing that does not have your original signature. See instructions in Part H.8.

### Line 11 Enrolled Actuary Certification

If the plan has 500 or more participants, an enrolled actuary must sign, date and enter his or her enrollment number and address in the space provided on the certification, and must initial box (d) on line 11.

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### Subpart 3 NO VESTED PARTICIPANTS

#### Line 1 Filing Method

If you use the No Vested Participants filing method, you must check the box in Item 1(c)(1) and go to line 9.

#### Line 9 Variable Rate Premium

Enter \$0.

#### Line 10 Plan Administrator Certification

As plan administrator, you must sign and date the certification in the space provided. We may return any filing that does not have your original signature. By signing the certification, you are certifying that no participant was entitled to a vested benefit under the plan (by its terms or as required by law) as of the last day of the preceding plan year (or, if this is a plan to which the special computation date rule in Part H.3. applies, as of the first day of the premium payment year). See instructions in Part H.8.

#### Line 11 Enrolled Actuary Certification

An enrolled actuary's certification is not required under this filing method.

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### Subpart 4 SECTION 412(i) PLANS

#### Line 1 Filing Method

If you use the filing method for section 412(i) plans, you must check the box in Item 1(c)(2) and go to line 9.

#### Line 9 Variable Rate Premium

Enter \$0.

#### Line 10 Plan Administrator Certification

As plan administrator, you must sign and date the certification in the space provided. We may return any filing that does not have your original signature. By signing the certification, you are certifying that the plan was a plan described in section 412(i) of the Internal Revenue Code and regulations thereunder at all times during the preceding plan year (or, if this is a new or newly covered plan, at all times during the premium payment year through the due date for the variable rate premium). See instructions in Part H.8.

### Line 11 Enrolled Actuary Certification

An enrolled actuary's certification is not required under this filing method.

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### Subpart 5 FULLY FUNDED SMALL PLANS

#### Line 1 Filing Method

If you use the filing method for fully funded plans with fewer than 500 participants, you must check the box in Item 1(c)(3) and an enrolled actuary must complete line 11(b). Go to line 9.

#### Line 9 Variable Rate Premium

Enter \$0.

#### Line 10 Plan Administrator Certification

As plan administrator, you must sign and date the certification in the space provided. We may return any filing that does not have your original signature. See instructions in Part H.8.

#### Line 11 Enrolled Actuary Certification

An enrolled actuary must complete the certification on line 11 and must initial the box on line 11(b).

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### Subpart 6 STANDARD TERMINATIONS

#### Line 1 Filing Method

If you use the method for plans terminating in standard terminations, you must check the box in Item 1(c)(4) and enter the proposed date of plan termination in Item 1(c)(4). Go to line 9.

(NOTE: See Part B.2 for rules on when your premium obligation ends.)

#### Line 9 Variable Rate Premium

Enter \$0.

#### Line 10 Plan Administrator Certification

As plan administrator, you must sign and date the certification in the space provided. We may return any filing that does not have your original signature. See instructions in Part H.8.

#### Line 11 Enrolled Actuary Certification

An enrolled actuary's certification is not required under this filing method.

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### Subpart 7 PLANS AT THE FULL FUNDING LIMIT

#### Line 1 Filing Method

If you use the method for plans at the full funding limit, you must check the box in Item 1(c)(5) and an enrolled actuary must complete line 11(e). Go to line 9.

#### Line 9 Variable Rate Premium

Enter \$0.

#### Line 10 Plan Administrator Certification

As plan administrator, you must sign and date the certification in the space provided. We may return any

## Part I LINE-BY-LINE INSTRUCTIONS FOR SCHEDULE A

filing that does not have your original signature. See instructions in Part H.8.

### Line 11 Enrolled Actuary Certification

An enrolled actuary must complete the certification on line 11 and must initial the box on line 11(e).

## Subpart 8 PLANS TERMINATING IN DISTRESS OR INVOLUNTARY TERMINATIONS

### Line 1 Filing Method

If you use the method for plans terminating in a distress or involuntary termination, check the box in Item 1(d) and enter the proposed date of plan termination (in a distress termination) or the date of plan termination sought by the PBGC (in an involuntary termination). (These dates are both referred to below as the "DOPT.")

(NOTE: See Part B.2 for rules on when your premium obligation ends.)

### Lines 2 Through 11

The line-by-line instructions for lines 2 through 11 of the Schedule A are the same as under the Alternative Calculation Method (See Part I, Subpart 2, of these instructions) subject to the modifications described below. However, under this Distress/Involuntary Termination Method, you will generally be using data from a Schedule B for a plan year earlier than the plan year preceding the premium payment year.

Most of the relevant item numbers on Schedule B for 1994 and earlier years are different from those on the 1995 and 1996 Schedule B, as indicated in the box below.

#### Corresponding Schedule B Line Numbers

<u>1995/1996 Schedule B</u>	<u>1989-1994 Schedule B</u>
1a	8b (date)
1b(2)	8b (value)
2a	6c
2b	6d
2b(1)	6d(i)
2b(2) + 2b(3)	6d(ii) + 6d(iii)
2b(4)	6d(iv)
6a(1)*	12c(i)
6b**	12d

\* Line 6c(1) on 1995 Schedule B's.

\*\* Line 6e on 1995 Schedule B's.

If you are able to use the same Schedule B as under the Alternative Calculation Method, which is the 1996 Schedule B for the 1997 premium payment year, the Distress/Involuntary Termination Method and the Alternative Calculation Method are almost identical; the only difference is that the Distress/Involuntary Termination Method may result in a smaller adjustment for accruals during the plan year preceding the premium

payment year, since it would adjust only up to the DOPT. (See Modification 2 below.) Thus, if you use the Distress/Involuntary Termination Method with a Schedule B for the plan year preceding the premium payment year, you may ignore Modifications 1 and 3 below, and apply only Modification 2 to the Alternative Calculation Method.

The modifications, which are generally designed to reflect and to adjust for the fact that the Schedule B data were determined as of an earlier date, are as follows:

### Modification 1.

Substitute the first day of the plan year of the Schedule B you are using for the first day of the Alternative Calculation Method Schedule B year.

**Example** A calendar year plan is paying its 1997 premium. The plan has a DOPT of September 1, 1996 and is using data from its 1995 Schedule B to calculate the variable rate portion of its premium. For this plan -

- the determination date to be entered on line 2 must be January 1, 1995;
- the Plan Value of Vested Benefits to be entered in the "Value" column of line 2(a), as well as the Adjusted Value of Vested Benefits to be entered on line 2(b), must be determined as of January 1, 1995;
- the determination date to be entered on line 3 must be January 1, 1995;
- the Value of Plan Assets to be entered on line 3(a) must be determined as of January 1, 1995;
- the Contribution Receivables to be entered on line 3(b) are those that were included as receivables in the line 3(a) entry as of January 1, 1995;
- the Discounted Paid Contributions to be entered on line 3(c) are those contributions for plan years prior to the premium payment year that were either included as receivables, or not included (as receivables or otherwise), in the line 3(a) entry as of January 1, 1995 (provided they were paid on or before the earlier of the date the 1997 premium is due or paid);
- the Discounted Paid Contributions to be entered on line 3(c) must be discounted from the date paid back to January 1, 1995;
- the Adjusted Value of Plan Assets to be entered on line 3(d) must be determined as of January 1, 1995;
- the Adjusted Unfunded Vested Benefits to be entered on line 4 is determined as of the last day of the plan year preceding the premium payment year, i.e., December 31, 1996; and
- for a plan with 500 or more participants, the Adjusted Unfunded Vested Benefits to be entered on line 4 must reflect any significant events occurring between the determination date and the last day of the plan year preceding the premium payment year, i.e., between January 1, 1995, and December 31, 1996.

**Modification 2.**

Substitute “the sum of 1 plus the product of .07 times the number of years (rounded to the nearest hundredth of a year) from the date of the Schedule B data to the DOPT” for the “1.07 benefit accrual adjustment factor” in the Line 2(b) “Relief Rule” and the interest rate adjustment formula under the “Line 2(b) Procedure.”

To compute the number of years, count the number of days from and including the date of the Schedule B data to and including the DOPT and divide by 365.

Under the Alternative Calculation Method, the “1.07 benefit accrual adjustment factor” referred to under the “Line 2(b) Procedure” serves as a surrogate for accruals during the plan year preceding the premium payment year. This surrogate assumes that there has been exactly one year of accruals (e.g., in the case of a calendar year plan paying its 1997 premium, accruals from January 1, 1996, through December 31, 1996). Under the Distress/Involuntary Termination Method, however, the accrual period will run from the date of the Schedule B data to the DOPT.

Using the rule stated in Modification 2, and continuing with the hypothetical plan in Modification 1—

a. Determine  $VB_{Nonpay}$  in the “Line 2(b) Procedure” interest rate adjustment formula by multiplying the total of the amounts entered on lines 2b(2) and 2b(3) of the 1995 Schedule B (if you were using a 1989-1994 Schedule B, the amount entered on lines 6d(ii) and 6d(iii)) by the following benefit accrual adjustment factor (AC) instead of 1.07 —

$$AC = 1 + (.07 \times (\text{the number of days from January 1, 1995 to September 1, 1996}) / 365)$$

$$AC = 1 + (.07 \times 1.67)$$

$$AC = 1 + .12$$

$$AC = 1.12$$

b. If the plan is using the line 2(b) “Relief Rule,” the Schedule A line 2(b)(2) amount is determined by multiplying the Schedule A line 2(a)(2) amount by 1.12. If the plan cannot use the Relief Rule, the  $VB_{Nonpay}$  amount (c.3. under the “Line 2(b) Procedure”) is the amount entered on line 2(a)(2) of Schedule A multiplied by 1.12.

c. Enter the benefit accrual adjustment factor of 1.12 as the accrual factor on Schedule A, line 2.

**Modification 3.**

Substitute “the number of years (rounded to the nearest hundredth of a year) between the date of the Schedule B data and the last day of the plan year preceding the premium payment year” for the exponent “Y,” in the time adjustment formula under the “Line 4 Procedure.”

To compute the number of years, count the number of days from and including the date of the Schedule B data to and including the last day of the plan year

preceding the premium payment year and divide by 365 in Step 2 of the “Line 4 Procedure.”

Under the Alternative Calculation Method, the exponent, “Y,” in the time adjustment formula in Step 2 of the “Line 4 Procedure” represents the length of time from the date of the Schedule B data to the last day of the plan year preceding the premium payment year. Because that length of time is generally exactly one year under the Alternative Calculation Method, Y is defined simply as (generally) being “equal to 1.” The length of time under the Distress/Involuntary Termination Method will generally be longer than 1 year. Thus, using the rule stated in Modification 3, and continuing with the hypothetical plan in Modification 1, “Y” would equal 2 (the number of years between January 1, 1995, and December 31, 1996).

**Subpart 9 SMALL REGULATED PUBLIC UTILITY PLANS PAYING MAXIMUM VARIABLE RATE PREMIUM**

**Line 1 Filing Method**

If you use the filing method for plans paying the maximum variable rate premium, you must check the box in Item 1(e), and go to line 8.

**Line 8 Per-Participant Variable Rate Premium**

Enter \$53.

**Line 9 Variable Rate Premium**

Multiply the \$53 amount on line 8 by the participant count from Form 1, line 13(a) and enter the result on line 9.

**Line 10 Plan Administrator Certification**

As plan administrator, you must sign and date the certification in the space provided. We may return any filing that does not have your original signature. See instructions in Part H.8.

**Line 11 Enrolled Actuary Certification**

An enrolled actuary’s certification is not required under this method.

**APPENDIX A**

**APPENDIX A Optional Substitution Factors for the term “.94<sup>(RIR - BIR)</sup>”**

You may use optional “substitution factors” in the Alternative Calculation Method interest rate adjustment formula to replace the term “.94<sup>(RIR - BIR)</sup>.” The use of the factors is not required; it is optional. The instructions for the formula and for use of the tables below are in Part I. Subpart 2, Line 2.

Use the substitution factor in Table A when RIR is equal to or greater than BIR rounded to the nearest hundredth. Use the substitution factor in Table B when BIR, rounded to the nearest hundredth, is greater than RIR.

**TABLE A**

**When RIR is Equal To Or Greater Than BIR**

If RIR minus BIR (rounded to the nearest hundredth) is:		The substitution factor is:	If RIR minus BIR (rounded to the nearest hundredth) is:		The substitution factor is:
<u>At Least</u>	<u>But less than</u>		<u>At Least</u>	<u>But less than</u>	
0.00	0.10	1.0000	3.00	3.10	0.8306
0.10	0.20	0.9938	3.10	3.20	0.8255
0.20	0.30	0.9877	3.20	3.30	0.8204
0.30	0.40	0.9816	3.30	3.40	0.8153
0.40	0.50	0.9756	3.40	3.50	0.8103
0.50	0.60	0.9695	3.50	3.60	0.8053
0.60	0.70	0.9636	3.60	3.70	0.8003
0.70	0.80	0.9576	3.70	3.80	0.7954
0.80	0.90	0.9517	3.80	3.90	0.7905
0.90	1.00	0.9458	3.90	4.00	0.7856
1.00	1.10	0.9400	4.00	4.10	0.7807
1.10	1.20	0.9342	4.10	4.20	0.7759
1.20	1.30	0.9284	4.20	4.30	0.7711
1.30	1.40	0.9227	4.30	4.40	0.7664
1.40	1.50	0.9170	4.40	4.50	0.7617
1.50	1.60	0.9114	4.50	4.60	0.7570
1.60	1.70	0.9057	4.60	4.70	0.7523
1.70	1.80	0.9002	4.70	4.80	0.7477
1.80	1.90	0.8946	4.80	4.90	0.7430
1.90	2.00	0.8891	4.90	5.00	0.7385
2.00	2.10	0.8836	5.00	5.10	0.7339
2.10	2.20	0.8781	5.10	5.20	0.7294
2.20	2.30	0.8727	5.20	5.30	0.7249
2.30	2.40	0.8673	5.30	5.40	0.7204
2.40	2.50	0.8620	5.40	5.50	0.7160
2.50	2.60	0.8567	5.50	5.60	0.7115
2.60	2.70	0.8514	5.60	5.70	0.7072
2.70	2.80	0.8461	5.70	5.80	0.7028
2.80	2.90	0.8409	5.80	5.90	0.6985
2.90	3.00	0.8357	5.90	6.00	0.6942



TABLE B

When BIR is Greater Than RIR

If BIR (rounded to the nearest hundredth) minus RIR is:		The substitution factor is:	If BIR (rounded to the nearest hundredth) minus RIR is:		The substitution factor is:
<u>At Least</u>	<u>But less than</u>		<u>At Least</u>	<u>But less than</u>	
0.00	0.10	1.0062	3.00	3.10	1.2114
0.10	0.20	1.0125	3.10	3.20	1.2190
0.20	0.30	1.0187	3.20	3.30	1.2265
0.30	0.40	1.0251	3.30	3.40	1.2341
0.40	0.50	1.0314	3.40	3.50	1.2418
0.50	0.60	1.0378	3.50	3.60	1.2495
0.60	0.70	1.0443	3.60	3.70	1.2573
0.70	0.80	1.0507	3.70	3.80	1.2651
0.80	0.90	1.0573	3.80	3.90	1.2729
0.90	1.00	1.0638	3.90	4.00	1.2808
1.00	1.10	1.0704	4.00	4.10	1.2888
1.10	1.20	1.0771	4.10	4.20	1.2968
1.20	1.30	1.0838	4.20	4.30	1.3048
1.30	1.40	1.0905	4.30	4.40	1.3129
1.40	1.50	1.0973	4.40	4.50	1.3211
1.50	1.60	1.1041	4.50	4.60	1.3293
1.60	1.70	1.1109	4.60	4.70	1.3375
1.70	1.80	1.1178	4.70	4.80	1.3458
1.80	1.90	1.1248	4.80	4.90	1.3542
1.90	2.00	1.1317	4.90	5.00	1.3626
2.00	2.10	1.1388	5.00	5.10	1.3710
2.10	2.20	1.1458	5.10	5.20	1.3795
2.20	2.30	1.1529	5.20	5.30	1.3881
2.30	2.40	1.1601	5.30	5.40	1.3967
2.40	2.50	1.1673	5.40	5.50	1.4054
2.50	2.60	1.1745	5.50	5.60	1.4141
2.60	2.70	1.1818	5.60	5.70	1.4229
2.70	2.80	1.1892	5.70	5.80	1.4317
2.80	2.90	1.1965	5.80	5.90	1.4406
2.90	3.00	1.2040	5.90	6.00	1.4495

## APPENDIX B

### APPENDIX B Codes for Principal Business Activity and Principal Product or Service.

These industry titles and definitions are based, in general, on the Enterprise Standard Industrial Classification system developed by the Office of Management and Budget, Executive Office of the President, to classify enterprises by type of activity in which they are engaged. The system follows closely the Standard Industrial Classification used to classify establishments. (Use only codes from the following list.)

#### AGRICULTURE, FORESTRY, AND FISHING

Code

##### Farms:

- 0120 Field crop.
- 0150 Fruit, tree nut, and vegetable.
- 0180 Horticultural specialty.
- 0230 Livestock.
- 0270 Animal specialty.

##### Agricultural services and forestry:

- 0740 Veterinary services.
- 0750 Animal services, except veterinary.
- 0780 Landscape and horticultural services.
- 0790 Other agricultural services.
- 0800 Forestry.

##### Fishing, hunting, and trapping:

- 0930 Commercial fishing, hatcheries and preserves.
- 0970 Hunting, trapping, and game propagation.

#### MINING

##### Metal mining:

- 1010 Iron ores.
- 1070 Copper, lead and zinc, gold and silver ores.
- 1098 Other metal mining.
- 1150 Coal mining.

##### Oil and gas extraction:

- 1330 Crude petroleum, natural gas, and natural gas liquids.
- 1380 Oil and gas field services.

##### Nonmetallic mineral (except fuels)

##### mining:

- 1430 Dimension, crushed and broken stone; sand and gravel.
- 1498 Other nonmetallic minerals, except fuels.

#### CONSTRUCTION

##### General building contractors and operative builders:

- 1510 General building contractors.
- 1531 Operative builders.

##### Heavy construction contractors:

- 1611 Highway and street construction.
- 1620 Heavy construction, except highway.

##### Special trade contractors:

- 1711 Plumbing, heating, and air conditioning.
- 1721 Painting, paper hanging, and decorating.
- 1731 Electrical work.

- 1740 Masonry, stonework, and plastering.
- 1750 Carpentering and flooring.
- 1761 Roofing and sheet metal work.
- 1771 Concrete work.
- 1781 Water well drilling.
- 1790 Miscellaneous special trade contractors.

#### MANUFACTURING

##### Food and kindred products:

- 2010 Meat products.
- 2020 Dairy products.
- 2030 Preserved fruits and vegetables.
- 2040 Grain mill products.
- 2050 Bakery products.
- 2060 Sugar and confectionery products.
- 2081 Malt liquors and malt.
- 2088 Alcoholic beverages, except malt liquors and malt.
- 2089 Bottled soft drinks, and flavoring.
- 2096 Other food and kindred products.
- 2100 Tobacco manufacturers.

##### Textile mill products:

- 2228 Weaving mills and textile finishing.
- 2250 Knitting mills.
- 2298 Other textile mill products.

##### Apparel and other textile products:

- 2315 Men's and boy's clothing.
- 2345 Women's and children's clothing.
- 2388 Hats, caps, millinery, fur goods, and other apparel and accessories.
- 2390 Misc. fabricated textile products.

##### Lumber and wood products, except furniture:

- 2415 Logging camps and logging contractors, sawmills and planing mills.
- 2430 Millwork, plywood, and related products.
- 2498 Other wood products, including wood buildings and mobile homes.
- 2500 Furniture and fixtures.

##### Paper and allied products:

- 2625 Pulp, paper, and board mills.
- 2699 Other paper products.

##### Printing, publishing, and allied industries:

- 2710 Newspapers.
- 2720 Periodicals.
- 2735 Books, greeting cards, and misc. publishing.
- 2799 Commercial and other printing, and printing trade services.

##### Chemicals and allied products:

- 2815 Industrial chemicals, plastics materials and synthetics.

- 2830 Drugs.
- 2840 Soap, cleaners, and toilet goods.
- 2850 Paints and allied products.
- 2898 Agricultural and other chemical products.

##### Petroleum refining and related industries (including those integrated with extraction):

- 2910 Petroleum refining (including those integrated with extraction).
- 2998 Other petroleum and coal products.

##### Rubber and misc. plastics products:

- 3050 Rubber products; plastics footwear, hose and belting.
- 3070 Misc. plastics products.

##### Leather and leather products:

- 3140 Footwear, except rubber.
- 3198 Other leather and leather products.

##### Stone, clay, glass, and concrete products:

- 3225 Glass products.
- 3240 Cement, hydraulic.
- 3270 Concrete, gypsum, and plaster products.
- 3298 Other nonmetallic mineral products.

##### Primary metal industries:

- 3370 Ferrous metal industries; misc. primary metal products.
  - 3380 Nonferrous metal industries. Fabricated metal products, except machinery and transportation equipment:
  - 3410 Metal cans and shipping containers.
  - 3428 Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products.
  - 3430 Plumbing and heating, except electric and warm air.
  - 3440 Fabricated structural metal products.
  - 3460 Metal forging and stamping.
  - 3470 Coating, engraving, and allied services.
  - 3480 Ordnance and accessories, except vehicles and guided missiles.
  - 3490 Misc. fabricated metal products.
- ##### Machinery, except electrical:
- 3520 Farm machinery.
  - 3530 Construction, mining, and materials handling machinery and equipment.
  - 3540 Metalworking machinery.
  - 3550 Special industry machinery, except metalworking machinery.

- 3560 General industrial machinery.  
 3570 Office, computing, and accounting machines.  
 3598 Engines and turbines, service industry machinery, and other machinery, except electrical.

**Electrical and electronic machinery, equipment, and supplies:**

- 3630 Household appliances.  
 3665 Radio, television, and communication equipment.  
 3670 Electronic components and accessories.  
 3698 Other electric equipment.

**Transportation equipment:**

- 3710 Motor vehicles and equipment.  
 3725 Aircraft, guided missiles and parts.  
 3730 Ship and boat building and repairing.  
 3798 Other transportation equipment.

**Measuring and controlling instruments; photographic and medical goods, watches and clocks:**

- 3815 Scientific instruments and measuring devices; watches and clocks.  
 3845 Optical, medical, and ophthalmic goods.  
 3860 Photographic equipment and supplies.  
 3998 Other manufacturing products.

**TRANSPORTATION, COMMUNICATION, ELECTRIC, GAS, AND SANITARY SERVICES**

**Transportation:**

- 4000 Railroad transportation.

**Local and interurban passenger transit:**

- 4121 Taxicabs.  
 4189 Other passenger transportation.

**Trucking and warehousing:**

- 4210 Trucking, local and long distance.  
 4289 Public warehousing and trucking terminals.

**Other transportation including transportation services:**

- 4400 Water transportation.  
 4500 Transportation by air.  
 4600 Pipelines, except natural gas.  
 4722 Passenger transportation arrangement.  
 4723 Freight transportation arrangement.  
 4799 Other transportation services.

**Communication:**

- 4825 Telephone, telegraph, and other communication services.  
 4830 Radio and television broadcasting.

**Electric, gas, and sanitary services:**

- 4910 Electric services.  
 4920 Gas production and distribution.  
 4930 Combination utility services.  
 4990 Water supply and other sanitary services.

**WHOLESALE TRADE**

**Durable:**

- 5010 Motor vehicles and automotive equipment.  
 5020 Furniture and home furnishings.  
 5030 Lumber and construction materials.  
 5040 Sporting, recreational, photographic, and hobby goods, toys, and supplies.  
 5050 Metals and minerals, except petroleum and scrap.  
 5060 Electrical goods.  
 5070 Hardware, plumbing and heating equipment.  
 5083 Farm machinery and equipment.  
 5089 Other machinery, equipment, and supplies.  
 5098 Other durable goods.

**Nondurable:**

- 5110 Paper and paper products.  
 5129 Drugs, drug proprietaries, and druggists' sundries.  
 5130 Apparel, piece goods, and notions.  
 5140 Groceries and related products, except meats and meat products.  
 5147 Meats and meat products.  
 5150 Farm-product raw materials.  
 5160 Chemicals and allied products.  
 5170 Petroleum and petroleum products.  
 5180 Alcoholic beverages.  
 5190 Misc. nondurable goods.

**RETAIL TRADE**

**Building materials, hardware, garden supply, and mobile home dealers:**

- 5211 Lumber and other building materials dealers.  
 5231 Paint, glass, and wallpaper stores.  
 5251 Hardware stores.  
 5261 Retail nurseries and garden stores.  
 5271 Mobile home dealers.

**General merchandise:**

- 5331 Variety stores.  
 5398 Other general merchandise stores.

**Food stores:**

- 5411 Grocery stores.  
 5420 Meat and fish markets and freezer provisioners.  
 5431 Fruit stores and vegetable markets.  
 5441 Candy, nut, and confectionery stores.  
 5451 Dairy products stores.  
 5460 Retail bakeries.  
 5490 Other food stores.

**Automotive dealers and service stations:**

- 5511 New car dealers (franchised).  
 5521 Used car dealers.  
 5531 Auto and home supply stores.  
 5541 Gasoline service stations.  
 5551 Boat dealers.  
 5561 Recreational vehicle dealers.  
 5571 Motorcycle dealers.  
 5599 Aircraft and other automotive dealers.

**Apparel and accessory stores:**

- 5611 Men's and boy's clothing and furnishings.  
 5621 Women's ready-to-wear stores.  
 5631 Women's accessory and specialty stores.  
 5641 Children's and infants' wear stores.  
 5651 Family clothing stores.  
 5661 Shoe stores.  
 5681 Furriers and fur shops.  
 5699 Other apparel and accessory stores.

**Furniture, home furnishings, and equipment stores:**

- 5712 Furniture stores.  
 5713 Floor covering stores.  
 5714 Drapery, curtain, and upholstery stores.  
 5719 Home furnishings, except appliances.  
 5722 Household appliance stores.  
 5732 Radio and television stores.  
 5733 Music stores.

**Eating and drinking places:**

- 5812 Eating places.  
 5813 Drinking places.

**Miscellaneous retail stores:**

- 5912 Drug stores and proprietary stores.  
 5921 Liquor stores.  
 5931 Used merchandise stores.  
 5941 Sporting goods stores and bicycle shops.  
 5942 Book stores.  
 5943 Stationery stores.  
 5944 Jewelry stores.  
 5945 Hobby, toy, and game shops.  
 5946 Camera and photographic supply stores.  
 5947 Gift, novelty, and souvenir shops.  
 5948 Luggage and leather goods stores.  
 5949 Sewing, needlework, and piece goods stores.  
 5961 Mail order houses.  
 5962 Merchandising machine operators.  
 5963 Direct selling organizations.  
 5982 Fuel and ice dealers (except fuel oil and bottled gas dealers).  
 5983 Fuel oil dealers.  
 5984 Liquefied petroleum gas (bottled gas).  
 5992 Florists.  
 5993 Cigar stores and stands.  
 5994 News dealers and newsstands.  
 5996 Other miscellaneous retail stores.

**FINANCE, INSURANCE AND REAL ESTATE**

**Banking:**

- 6030 Mutual savings banks.  
 6060 Bank holding companies.  
 6090 Banks, except mutual savings banks and bank holding companies.

**Credit agencies other than banks:**

- 6120 Savings and loan associations.  
 6140 Personal credit institutions.  
 6150 Business credit institutions.

## APPENDIX B

6199 Other credit agencies.

### **Security, commodity brokers, dealers, exchanges, and services:**

6212 Security underwriting syndicates.

6218 Security brokers and dealers, except underwriting syndicates.

6299 Commodity contracts brokers and dealers; security and commodity exchanges; and allied services.

### **Insurance:**

6355 Life insurance.

6356 Mutual insurance, except life or marine and certain fire or flood insurance companies.

6359 Other insurance companies.

6411 Insurance agents, brokers, and services.

### **Real Estate:**

6511 Real estate operators (except developers) and lessors of buildings.

6516 Lessors of mining, oil and similar property.

6518 Lessors of railroad property and other real property.

6531 Real estate agents, brokers and managers.

6541 Title abstract offices.

6552 Subdividers and developers, except cemeteries.

6553 Cemetery subdividers and developers.

6599 Other real estate.

6611 Combined real estate, insurance, loans and law offices.

### **Holding and other investment companies:**

6742 Regulated investment companies.

6743 Real estate investment companies.

6744 Small business investment companies.

6749 Holding and other investment companies, except bank holding companies.

## **SERVICES**

### **Hotels and other lodging places:**

7012 Hotels.

7013 Motels, motor motels, and tourist courts.

7021 Rooming and boarding houses.

7032 Sporting and recreational camps.

7033 Trailer parks and camp sites.

7041 Organizational hotels and lodging houses on a membership basis.

### **Personal services:**

7215 Coin-operated laundries and dry cleaning.

7219 Other laundry, cleaning, and garment services.

7221 Photographic studios, portrait.

7231 Beauty shops.

7241 Barber shops.

7251 Shoe repair and hat cleaning shops.

7261 Funeral services and crematories.

7299 Miscellaneous personal services.

### **Business services:**

7310 Advertising.

7340 Services to buildings.

7370 Computer and data processing services.

7392 Management, consulting, and public relations services.

7394 Equipment rental and leasing.

7398 Other business services.

### **Automotive repair and services:**

7510 Automotive rentals and leasing, without drivers.

7520 Automobile parking.

7531 Automobile top and body repair shops.

7538 General automobile repair shops.

7539 Other automotive repair shops.

7540 Automotive services, except repair.

### **Miscellaneous repair services:**

7622 Radio and TV repair shops.

7628 Electrical repair shops, except radio and TV.

7641 Reupholstery and furniture repair.

7680 Other miscellaneous repair shops.

### **Motion pictures:**

7812 Motion picture production, distribution, and services.

7830 Motion picture theaters.

### **Amusement and recreation services:**

7920 Producers, orchestras, and entertainers.

7932 Billiard and pool establishments.

7933 Bowling alleys.

7980 Other amusement and recreation services.

### **Medical and health services:**

8011 Offices of physicians.

8021 Offices of dentists.

8031 Offices of osteopathic physicians.

8041 Offices of chiropractors.

8042 Offices of optometrists.

8048 Registered and practical nurses.

8050 Nursing and personal care facilities.

8060 Hospitals.

8071 Medical laboratories.

8072 Dental laboratories.

8098 Other medical and health services.

### **Other Services:**

8111 Legal services.

8200 Educational services.

8911 Engineering and architectural services.

8932 Certified public accountants.

8933 Other accounting, auditing, and bookkeeping services.

8999 Other services, not elsewhere classified.

## **TAX-EXEMPT ORGANIZATIONS**

9002 Churches

9319 Other tax-exempt organizations.

9904 Government instrumentality or agency.

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## Variable Rate Worksheet \*

For 1997 Plan Years

USE THIS WORKSHEET ONLY IF YOUR PLAN IS  
A REGULATED PUBLIC UTILITY PLAN AND THE AMOUNT  
ON SCHEDULE A, LINE 7 IS GREATER THAN \$53

Use the worksheet below to calculate the per-participant variable rate premium.

- (i) Amount from Schedule A, line 7, if greater than \$53 ..... \_\_\_\_\_
- (ii) \$53.00.....\$53.00
- (iii) Subtract line (ii) from line (i). Enter amount..... \_\_\_\_\_
- (iv) Enter Regulated Public Utility (RPU) ratio ..... \_\_\_\_\_  
(RPU ratio = the number of RPU participants divided by total participants.)  
(See page 2 of instructions.)  
Enter 1 if all contributing sponsors maintaining the plan are Regulated Public Utilities.
- (v) Multiply line (iii) by line (iv). ..... \_\_\_\_\_
- (vi) Per-participant variable rate premium:  
Subtract line (v) from line (i).  
Enter here and on Schedule A, line 8..... \_\_\_\_\_

\* KEEP THIS WORKSHEET WITH YOUR PLAN RECORDS.  
DO NOT SUBMIT THIS WORKSHEET TO THE PBGC.

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## Required Interest Rate Worksheet \*

### For Use Only by Regulated Public Utility Plans

with premium payment years beginning July 1 through December 31, 1997, that use filing method 1(a) (General Rule), 1(b) (Alternative Calculation Method), or 1(d) (special method for plans terminating in distress or involuntary termination with a termination date before the 1997 plan year) on Schedule A to PBGC Form 1.

Use the worksheet below to calculate the Required Interest Rate to be used in determining the value of vested benefits for purposes of computing the variable-rate premium.

- (i) Enter the Required Interest Rate (expressed as a decimal fraction, NOT as a percentage) for plans that have the same premium payment year as your plan but are NOT Regulated Public Utility Plans. .... \_\_\_\_\_
- (ii) Enter the Regulated Public Utility (RPU) ratio ..... \_\_\_\_\_  
(RPU ratio = number of RPU participants divided by total number of participants.)  
(See page 2 of instructions.)  
Enter 1 if all contributing sponsors maintaining the plan are Regulated Public Utilities.
- (iii) Divide amount on line (ii) by 17 and enter here ..... \_\_\_\_\_
- (iv) Multiply line (i) by line (iii) and enter here ..... \_\_\_\_\_
- (v) Subtract line (iv) from line (i) and enter here ..... \_\_\_\_\_  
This is the Required Interest Rate for your plan.

**Example** Assume your plan has a 7/1-6/30 plan year and a RPU ratio of 0.765. Suppose the Required Interest Rate for plans with premium payment years beginning in July 1997 that are NOT Regulated Public Utility Plans is 6.00 percent. Your Required Interest Rate is 5.73 percent, computed as follows:

<u>LINE</u>	<u>ENTRY</u>
(i)	0.06 (6 percent)
(ii)	0.765
(iii)	0.045
(iv)	0.0027
(v)	0.0573 (5.73 percent)

\* KEEP THIS WORKSHEET WITH YOUR PLAN RECORDS.  
DO NOT SUBMIT THIS WORKSHEET TO THE PBGC.

Forms and instructions may be obtained through the following offices of the Pension and Welfare Benefits Administration (PWBA) of the U.S. Department of Labor:

**CALIFORNIA**

San Francisco 94119-0250  
P. O. Box 190250  
(415) 975-4600

**DISTRICT OF COLUMBIA**

Washington 20006  
1730 K Street, NW  
Suite 556  
(202) 254-7013

**FLORIDA**

Miami 33169  
111 NW 183rd Street  
Suite 504  
(305) 651-6464

**GEORGIA**

Atlanta 30367  
1371 Peachtree St., NE  
Suite 205  
(404) 347-4090

**ILLINOIS**

Chicago 60606  
200 West Adams  
Suite 1600  
(312) 353-0900

**KENTUCKY**

Fort Wright 41011  
1885 Dixie Highway  
Suite 210  
(606) 578-4680

**MASSACHUSETTS**

Boston 02114  
7th Floor  
1 Bowdoin Square  
(617) 424-4950

**MICHIGAN**

Detroit 48226-3211  
211 Westfort Street  
Suite 1310  
(313) 226-7450

**MISSOURI**

Kansas City 64105  
1100 Main Street  
Suite 1200  
(816) 426-5131

St. Louis 63101

815 Olive St., Rm. 338  
(314) 539-2691

**NEW YORK**

New York City 10019  
1633 Broadway  
Room 226  
(212) 399-5191

**PENNSYLVANIA**

Philadelphia 19104  
Gateway Building  
3535 Market Street  
Room M300  
(215) 596-1134

**TEXAS**

Dallas 75202  
Federal Building-Rm 707  
525 Griffin Street  
(214) 767-6831

**WASHINGTON**

Seattle 98101-3212  
1111 Third Avenue  
Room 860  
(206) 553-4244

All forms and payments should be mailed to:

Pension Benefit Guaranty Corporation, P.O. Box 64880, Baltimore, MD 21264-4880

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We will mail a bulk order of forms to those pension practitioners who need many copies. We will also provide forms for filing for previous plan years. Please check one or more of the following and enter your address under "SEND TO":

- 1997 Estimated Premium Payment Package (25 copies of Form 1-ES and 1 set of instructions)
- 1997 Premium Payment Package (50 copies of Form 1 with Schedule A, and 1 set of instructions)
- Estimated Premium Payment Package for filing year \_\_\_\_\_. Number of packages needed \_\_\_\_\_.
- Premium Payment Package for filing year \_\_\_\_\_. Number of packages needed \_\_\_\_\_.

SEND TO:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Once you have completed the form above, mail it to:

Pension Benefit Guaranty Corporation

P.O. Box 64916

Baltimore, MD 21264-4916

or Fax your request to: (703) 827-3762

**Pension Benefit Guaranty Corporation**

**P.O. Box 64880**

**Baltimore, MD 21264-4880**

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