2004
ESTIMATED PREMIUM PAYMENT PACKAGE
PENSION BENEFIT GUARANTY CORPORATION

PBGC
U.S. GOVERNMENT AGENCY

This Package Contains:
PBGC Form 1-ES
and Instructions

To All Plan Administrators:

We are enclosing the forms and instructions for your estimated premium payment to the Pension Benefit Guaranty Corporation for the 2004 plan year.

In 2004, we will be introducing a new electronic premium filing and payment system called "My Plan Administration Account" ("MyPAA"), accessible through PBGC's Web site, www.pbgc.gov. As soon as MyPAA is available, we will post an announcement on our Web site and provide information there about how to file premiums using MyPAA.

We continue to look for ways to help you get information and communicate with us. PBGC's Web site contains information that you may find useful, including current and prior premium filing booklets, frequently asked questions, interest rates, information on disaster relief, and regulations. For all premium-related inquiries, please call our toll-free practitioner number at 1-800-736-2444. If you have a complaint about the service you have received or still need assistance after calling our practitioner number, please contact our Problem Resolution Officer at 1-800-736-2444, ext. 4136 (202-326-4136 for local calls) or by e-mail at practitioner.pro@pbgc.gov.

We welcome your suggestions and seek to provide you with the best service possible.

Steven A. Kandarian

Steven A. Kandarian
Executive Director
Pension Benefit Guaranty Corporation

CONTACTS

1. PBGC's Web site, **www.pbgc.gov,** contains pension plan information of interest to the plan administrator and practitioner, such as current and prior premium filing booklets, frequently asked questions, interest rates, regulations, etc.

2. **Where to send premium filings** (including amended filings):
   a. If you **mail** your premium forms, address them to:
      Pension Benefit Guaranty Corporation
      Department 4316
      Carol Stream, IL 60122-4316
   b. If you send your premium forms by **delivery service**, address them to:
      Bank One Regional Lockbox
      2500 Westfield Drive
      Department 4316, Mail Code: IL1-6030
      Elgin, IL 60123
   c. If you pay by **check**, write the plan's EIN/PN and the date the premium payment year commenced (PYC) on the check and send the check with your form.
   d. If you pay by **electronic funds transfer**, send the payment to:
      Bank One, NA
      Chicago, IL
      ABA: 071000013
      Account: 656510666
      Beneficiary: PBGC
   Reference: (give plan's EIN/PN and the date the premium payment year commenced (PYC) in the format "EIN/PN: XX-XXXXXXX/XXX PYC: MM/DD/YY")

3. For all **premium-related correspondence other than premium filings**, including requests for booklets or forms, premium filing questions, address changes, requests for refunds (that are not submitted via premium filing forms), and requests for reconsideration of premium penalty assessments:
   a. If you **mail** your correspondence, address it to:
      Pension Benefit Guaranty Corporation
      Department 4315
      Carol Stream, IL 60122-4315
   b. If you send your correspondence by **delivery service**, address it to the same address as in 2.b. above
   c. Or **call** us at: 1-800-736-2444
      or (202) 326-4242
   d. Or **fax** us at: (202) 326-4250
   e. Or **E-mail** us at: **premiums@pbgc.gov**

4. For current interest rate information:
   Call: (202) 326-4041
   Internet: **www.pbgc.gov**
   or write to:
      Pension Benefit Guaranty Corporation
      CPAD, Suite 240
      1200 K Street, NW
      Washington, DC 20005-4026

5. For assistance on coverage determination or plan termination:
   Call: 1-800-736-2444
   (202) 326-4242
   E-mail: **standard@pbgc.gov**
   or write to:
      Pension Benefit Guaranty Corporation
      IOD/Technical Assistance Branch, Suite 930
      1200 K Street, NW
      Washington, DC 20005-4026

6. If you have a complaint about the service you have received or still need assistance after calling our practitioner telephone numbers listed in items 3 and 5 (1-800-736-2444 or (202) 326-4242), please contact the Problem Resolution Officer (Practitioners):
   Call: 1-800-736-2444, ext. 4136
   (202) 326-4136
   E-mail: **practitioner.pro@pbgc.gov**
   or write to:
      Pension Benefit Guaranty Corporation
      Problem Resolution Officer (Practitioners), Suite 610
      1200 K Street, NW
      Washington, DC 20005-4026

7. For assistance with Participant Notice questions:
   Call: (202) 326-4161
   E-Mail: pnotice@pbgc.gov

8. For assistance with Premium Compliance questions:
   Call: (202) 326-4161
   E-Mail: pce@pbgc.gov

9. Any vendor requesting approval of automated forms may send a sample (including 3 original forms) to:
   Pension Benefit Guaranty Corporation
   Vendor Forms Review Office, FOD/CCD, Suite 670
   1200 K Street, NW
   Washington, DC 20005-4026

Note: TTY/TDD users may call the Federal relay service toll-free at 1-800-877-8339 and ask to be connected to any telephone number in this booklet.

Note: We cannot accept collect calls.

Pension Benefit Guaranty Corporation
Customer Service Plan for Plan Administrators

What is Our Mission?

The Pension Benefit Guaranty Corporation (PBGC) encourages a stable, adequately funded system of private pension plans and provides responsive, timely, and accurate services to plan sponsors, participants in insured plans, and pension practitioners.

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 (premium invoices), 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.

Our Service Pledge

Our customers deserve our best effort as well as our respect and courtesy.

- On the first call from you, our customer, we will say —
  - what we can do immediately and what will take longer,
  - when it will be done, and
  - who will handle your request.
- We will call you if anything changes from what we first said, give you a status report and explain what will happen next.
- We will have staff available from 8:00a.m.-5:00p.m. Eastern Time to answer your calls. If you leave a message, we will return the call within one workday.
- We will acknowledge your letter within one week of receipt.

Survey Results and Service Improvement Efforts

The most recent customer satisfaction surveys of pension professionals tell us we've made refunds and other post-filing matters faster and easier for our customers. We know that to increase satisfaction with PBGC, we will need to continue to speed up and simplify the processes that affect our customers and make our forms and instructions more user-friendly. We are also continuing to clean up historical data in premium accounts to enable us to further improve the accuracy and timeliness of our notices and to get ready for premium e-filing.

Since almost half of all pension plans have an October 15 premium filing deadline, PBGC experiences its peak premium processing season in October through December. Refunds requested during this period will take longer to process due to the increased number of filings received. We continue to seek ways to make our processes more responsive to the needs of the practitioner community.

If you have any questions or complaints, please contact us by telephone, fax, or e-mail at one of the numbers or addresses listed on page 2.

Paperwork Reduction Act Notice

We need this information to identify the plan and plan year for which an estimated premium is paid to the Pension Benefit Guaranty Corporation (PBGC) pursuant to Title IV of the Employee Retirement Income Security Act of 1974 (ERISA) and the PBGC's premium regulations (29 CFR Parts 4006 and 4007). 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 burden associated with completing and filing Form 1-ES is one-half hour (for filings done in-house) or $138 (for filings contracted out). (The PBGC assumes that 95% of the burden of filing Form 1-ES is contracted out.) These burden estimates are an average for the plans that file this form. The actual burden will vary depending on the circumstances of a given plan.

If you have comments concerning the accuracy of this time estimate or suggestions for making the form simpler, please send your comments to:

Pension Benefit Guaranty Corporation
Office of the General Counsel
1200 K Street, NW
Washington, DC 20005-4026

Help Us Post Your Premium Filings Promptly And Accurately

A. Submit Only One Payment with One Filing. Do NOT combine the premiums for two or more plans into one payment.

B. Include EIN/PN and PYC on all Payments and Correspondence.

C. Send Premium Filings Only to the Premium Filing Addresses in item 2. under CONTACTS, p. 2.

D. Send Other Correspondence to the Correspondence Addresses in item 3. under CONTACTS, p. 2.

E. Notify PBGC of EIN/PN Changes. The best way to tell us about this change is on your premium form, which includes space for this information.

Introduction

PBGC premium forms are 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). There are two kinds of premiums: the flat-rate premium, which applies to all plans, and the variable-rate premium, which applies only to single-employer plans.

Every plan must file Form 1 or Form 1-EZ, whichever applies to the plan. Some plans must also file Schedule A with Form 1. Those three forms are issued in the PBGC's Premium Payment Package, which can be found on the PBGC's Web site (www.pbgc.gov). The Premium Payment Package also contains other important premium-related information that you may want to refer to. This booklet (the Estimated Premium Payment Package) contains a fourth form — Form 1-ES — that large plans use to make estimated flat-rate premium payments.

In 2004, we will be introducing a new electronic premium filing and payment system called "My Plan Administration Account" ("MyPAA"). MyPAA will be accessible through the PBGC's Web site (www.pbgc.gov). Plan administrators and other plan professionals who choose to use MyPAA will be able to coordinate the electronic preparation, signing, and submission of premium filings without the need for sending paper forms back and forth between consultants and plan officials. MyPAA will make it possible to deliver premium filings to the PBGC instantaneously with the click of a mouse and get an immediate filing receipt. As soon as MyPAA is available, we will post an announcement on our Web site and provide information there about how to file premiums using MyPAA.

Form 1-ES Filing Requirement

A plan that was required to pay premiums for 500 or more participants for the plan year preceding the premium payment year must pay the flat-rate premium early in the premium payment year. Because the participant count often is not available until later in the premium payment year, we permit filers to make estimated payments using Form 1-ES. (We also provide penalty relief for estimates that are too low if they meet "safe harbor" requirements, discussed below.) The form must be filed, and the payment made, by the First Filing Due Date — generally, the last day of the second full calendar month in the premium payment year. (For the first full plan year following a change in plan year, the First Filing Due Date is the 30th day after the adoption date of a plan amendment changing the plan year, if later.)

If your due date would fall on a weekend or Federal holiday, your premium filing will be considered timely if you file by the next business day.

The Form 1-ES filing deadlines for 2004 are shown in the following table.

First Filing Due Date
(2004 Form 1-ES)

Premium Payment Year Begins	Form 1-ES Filing Due Date
01/01/2004	03/01/2004*****
01/02 - 02/01/2004	03/31/2004
02/02 - 03/01/2004	04/30/2004
03/02 - 04/01/2004	06/01/2004*****
04/02 - 05/01/2004	06/30/2004
05/02 - 06/01/2004	08/02/2004*****
06/02 - 07/01/2004	08/31/2004
07/02 - 08/01/2004	09/30/2004
08/02 - 09/01/2004	11/01/2004*****
09/02 - 10/01/2004	11/30/2004
10/02 - 11/01/2004	12/31/2004
11/02 - 12/01/2004	01/31/2005
12/02 - 12/31/2004	02/28/2005

*** NOTE**: *If your filing is not made by this date, penalty and interest will be calculated from the last day of the preceding month rather than the following business day -- e.g., from Sunday 02/29/2004 rather than Monday 03/01/2004.*

New filing rules

We have recently changed the rules for filing with us. See 68 FR 61344 (10/28/03), available on the PBGC's Web site, www.pbgc.gov. You may file your Form 1-ES and make your estimated premium payment (if by check, with your premium form) by hand, mail, or commercial delivery service. In certain circumstances, you may make your premium filing electronically.

The discussion below describes the new rules for filings other than electronic filings. You can find detailed rules on filing methods and on how we determine your filing date for electronic filings (as well as for other filings) on our Web site. See "Introduction" (above) for news about MyPAA, our new electronic premium filing method.

Under the new rules, your filing date will be the date you send your filing, provided you meet certain requirements that are summarized below. If you do not meet these requirements, your filing date is the date we receive your submission. However, if we receive your submission after 5:00 p.m. (our time) on a business day, or anytime on a weekend or Federal holiday, we treat it as received on the next business day. (If you file your submission by hand, your filing date is the date of receipt of your hand-delivered submission at the proper address.)

Filings by mail. If you file your submission using the U.S. Postal Service, your filing date is the date you mail your submission by the last collection of the day, provided the submission: (1) meets the applicable postal requirements; (2) is properly addressed; and (3) is sent by First-Class Mail (or another class that is at least equivalent). (If you mail the submission after the last collection of the day, or if there is no scheduled collection that day, your filing date is the date of the next scheduled collection.) If you meet these requirements, we make the following presumptions:

Legible postmark date. If your submission has a legible U.S. Postal Service postmark, we presume that the postmark date is the filing date.

Legible private meter date. If your submission has a legible postmark made by a private postage meter (but no legible U.S. Postal Service postmark) and arrives at the proper address by the time reasonably expected, we presume that the metered postmark date is your filing date.

Filings using a commercial delivery service. If you file your submission using a commercial delivery service, your filing date is the date you deposit your submission by the last scheduled collection of the day for the type of delivery you use (such as two-day delivery or overnight delivery) with the commercial delivery service, provided that the submission meets the applicable requirements of the commercial delivery service and is properly addressed, and the delivery service meets one of the requirements listed below. If you deposit it later than that last scheduled collection of the day, or if there is no scheduled collection that day, your filing date is the date of the next scheduled collection. The delivery service must meet one of the following requirements:

Delivery within two days. It must be reasonable to expect your submission will arrive at the proper address by 5:00 p.m. on the second business day after the next scheduled collection; or

Designated delivery service. You must use a "designated delivery service" under section 7502(f) of the Internal Revenue Code (Title 26, USC). Our Web site, www.pbgc.gov, lists those designated delivery services. You should make sure that both the provider and the particular type of delivery (such as two-day delivery) are designated.

Disaster Relief

From time to time, when major disasters occur, the PBGC grants disaster relief by waiving late filing penalties for certain plans. Disaster relief notices are available on the PBGC’s Web site, www.pbgc.gov (under “Legal Information & FOIA” – “Laws & Regulations” – “Technical Updates”).

Interest

If the estimated premium paid by the First Filing Due Date is less than 100 percent of the flat-rate amount due for the premium payment year, there will be a charge for interest on the difference between the two amounts. Interest cannot be waived and is not subject to the safe harbor rules for penalties described below. Interest accrues at the rate imposed under section 6601(a) of the Internal Revenue Code (the rate for late payment of taxes) and is compounded daily. These rates are available on the PBGC's Web site (www.pbgc.gov).

Penalty; Safe Harbor Rules

If the estimated premium paid by the First Filing Due Date is less than 100 percent of the flat-rate amount due for the premium payment year, there may be a late payment penalty. However, there are "safe harbor" rules for avoiding the penalty (but not the interest). No penalty will be charged if you did not make an estimated premium payment because you erroneously reported fewer than 500 participants for the plan year preceding the premium payment year. In addition, you can avoid the penalty if the estimated premium payment you make by the First Filing Due Date is at least equal to the lesser of:

(1) 90 percent of the flat-rate amount due for the premium payment year or

(2) an amount equal to the participant count for the plan year preceding the premium payment year multiplied by the 2004 flat rate ($19 per participant for single-employer plans or $2.60 per participant for multiemployer plans). (Note: Because the 2004 flat rate is the same as the 2003 flat rate, you will meet the safe harbor requirement if your estimated premium payment for the 2004 plan year is at least as much as your 2003 flat-rate premium.) This test will be met if the amount paid is sufficient using either the actual participant count for the plan year preceding the premium payment year or a smaller count that was erroneously reported.

For purposes of determining whether a penalty is due, the participant count "erroneously reported" refers to the premium filing (or last amended filing) for the plan year preceding the premium payment year made to the PBGC by the First Filing Due Date.

Note that if you take a credit for a short 2004 plan year, as explained under "Credits and Refunds" below, the amount of the credit is counted toward meeting the safe harbor requirement, the same as any other credit. Thus, if the amount you pay with Form 1-ES, plus all credits, is at least equal to the safe harbor amount, the safe harbor requirement will be met.

Change of Address and Request to Stop Receipt of Premium Forms and Instructions

Be sure to check the address change box in item 1 or 2 if the plan sponsor’s or plan administrator’s name or address has changed.

If your plan’s premium filings are prepared by a consultant, you may not need to receive your own copy of PBGC premium forms and instructions. If you do not want to receive premium forms and instructions next year, check the box in item 1. An election not to receive the forms and instructions does not relieve the plan administrator of the obligation to file.

Definitions

“**Participant**” in a plan means an individual (whether active, inactive, retired, or deceased) with respect to whom the plan has benefit liabilities.

a. Benefit liabilities are all liabilities with respect to employees and their beneficiaries under the plan (within the meaning of Code section 401(a)(2)). Thus, benefit liabilities include liabilities for all accrued benefits, whether or not vested. In addition, a plan’s benefit liabilities include liabilities for ancillary benefits not directly related to retirement benefits, such as disability benefits not in excess of the qualified disability benefit, life insurance benefits payable as a lump sum, incidental death benefits, or current life insurance protection. (See Treasury Regulation § 1.411(a)-7(a)(1)(ii).)

b. An individual is not counted as a participant after all benefit liabilities with respect to the individual are distributed through the purchase of irrevocable commitments from an insurer or otherwise. In addition, a non-vested individual is not counted as a participant after (1) a deemed "zero-dollar cashout," (2) a one-year break in service under plan rules, or (3) death.

i. *Cashouts.* If the plan has a separate cashout provision for zero benefits, terminated non-vested participants are deemed to be cashed out as of the date specified in the deemed cashout provision or, if no date is specified, as of the employment termination date. If the plan provides that zero benefit amounts will be deemed to be paid as soon as possible, terminated non-vested participants also will be deemed to be cashed out as of the employment termination date.

If the plan does not have a separate cashout provision for zero benefits but does have a mandatory cashout of small benefit amounts (*e.g.*, benefits less than $5,000), terminated non-vested participants are deemed to be cashed out in the same manner as terminated vested participants. If the plan is silent as to the timing of actual cashouts of terminated vested participants, the plan is deemed to read “as soon as practicable” and the terminated non-vested participants are deemed to be cashed out immediately upon termination of employment. If the plan specifies a date as of which actual cashouts of terminated vested participants take place (*e.g.*, on the first day of the next month), that rule also would apply to deemed cashouts of terminated non-vested participants. These rules do not apply if, despite plan language, the plan has an obvious pattern or practice of delaying distributions for long periods of time.

For example, suppose a calendar-year plan provides that if a participant terminates employment and the participant’s vested benefit has a value of less than $5,000, the plan will pay the vested benefit to the participant in a lump sum as of the first of the month following termination of employment. Suppose further that no plan provisions specifically address payment of benefits upon termination of employment by non-vested participants. If a participant with a non-vested accrued benefit terminates employment on December 15, 2003, the participant will be included in the participant count as of December 31, 2003 (because the cashout is deemed to occur on January 1, 2004, the first of the month following termination of employment). If, as is typically the case for a calendar year plan, the plan’s premium snapshot date for 2004 is December 31, 2003, a flat-rate premium must be paid for this participant for 2004.

ii. *Breaks in service.* A terminated non-vested individual ceases to be a participant for premium purposes when the individual incurs a one-year break in service under the plan, regardless of the length of the individual’s absence from employment. For example, suppose that a calendar-year plan provides that a participant who performs 500 or fewer hours of service in a service computation period incurs a one-year break in service for that computation period. An individual might incur a one-year break in service before December 31, 2003 (the premium snapshot date for the 2004 premium) if the individual left employment on February 1, 2003, and did not perform more than 500 hours of service during a computation period ending on November 30, 2003, even though December 31, 2003, comes before the first anniversary of the individual's separation from employment. This individual would not be included in the participant count for 2004.

If a non-vested individual incurs a break in service in a service computation period that coincides with the plan year preceding the premium payment year, we treat the individual as not being a participant for purposes of determining the premium for the premium payment year. For example, suppose a calendar-year hours-of-service plan requires more than 500 hours of service in a service computation period to avoid a break in service, and a non-vested participant in the plan earns 440 hours of service in the service computation period ending December 31, 2003. The PBGC would treat the individual as not being a participant for purposes of the plan's 2004 premium. (For more detail, see the amendment to the premium regulations' definition of "participant," published in the Federal Register on December 1, 2000, at 65 FR 75160.)

"Plan sponsor" means the employer(s), employee organization, association, committee, joint board of trustees, or other entity that establishes or maintains a plan.

"Plan administrator" means the plan administrator (person or entity) specifically designated as such by the terms of the plan or, if no plan administrator is so designated, the plan sponsor.

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. The transferee plan may be a new plan that is created in the spinoff, or it may be a pre-existing plan that simply receives part of the assets and/or liabilities of the transferor plan.

Transfers From Disappearing Plans

If a plan other than yours ceased to exist in connection with any transfer of assets or liabilities from that plan to your plan since the last premium filing, check the "Yes" box in item 3(c). If you check "Yes," enter in the spaces provided the EIN/PN of each plan that ceased to exist in connection with the transfer of any assets or liabilities to your plan. Also enter the effective date and type of each transfer. The types of transfers are explained above. The effective date of a transfer is determined based on the facts and circumstances of the particular situation. (For transfers subject to section 414(*l*) of the Code, report the date determined under 26 CFR 1.414(*l*)-1(b)(11).)

Example: The merger agreement between Plans A and B provides that participants of Plan A will cease accruing benefits under Plan A and begin coverage and benefit accruals under Plan B as of January 1, 2004, and that the obligation to pay benefits to Plan A participants will pass from Plan A to Plan B as of that date. The agreement also provides that Plan A's assets will be transferred to Plan B's account as soon as practicable. The transfer actually occurs on February 17, 2004. The effective date of the transfer is January 1, 2004.

If you need to report transfers from more than one plan, attach a separate sheet listing the EIN/PN of each additional plan and the effective date and type of each transfer.

You do not need to report any transfer in this item unless the transferor plan ceased to exist in connection with the transfer — *i.e.*, transferred all of its assets and liabilities to your plan or to two or more plans including your plan. You also do not need to report a transfer in this item if you have no reasonable way of determining whether the transferor plan ceased to exist in connection with the transfer.

Credits and Refunds; Proration for Short Plan Years

In general

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

You may designate which particular 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 off 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 premium filing made within the same period. An overpayment on one plan cannot be applied to offset an underpayment on one or more other plans.

In item 7 of Form 1-ES, you may claim the amount of any credit you are entitled to: (1) any available credit from item 17 of your 2003 Form 1-EZ or Form 1, (2) any estimated short-year credit (as explained in the following paragraphs), and (3) any other available credit. You must attach an explanation of any credit you claim in item 7, other than a credit from item 17 of your 2003 Form 1-EZ or Form 1.

Proration for short plan years

PBGC rules allow premium payers to pay a prorated premium for certain short plan years:

- a short first year of a new or newly covered plan;
- a short year created by an amendment that changes the plan year (but note that an amendment is not considered to change the plan year if the plan merges into or consolidates with another plan or otherwise ceases its independent existence either during the short plan year or at the beginning of the full plan year following the short plan year);
- a short year created by distribution of plan assets pursuant to plan termination; or
- a short year created by the appointment of a trustee for a single-employer plan under ERISA section 4042.

The proration is based on the number of full and partial months in the short plan year. Alternatively, you may pay a full year's premium and either (1) request that the PBGC compute and pay a partial refund or (2) claim a credit in a future premium filing. (No premium proration is allowed where a plan disappears by merger or consolidation into another plan.)

Estimated premium payments may also be prorated. The short year need not have ended by the time you pay a prorated premium, but if the plan year turns out to be longer than you anticipated, you will have to make up any premium underpayment (which will be subject to interest and penalties).

However, there is a penalty safe-harbor rule for estimated flat-rate premium payments that are prorated for a short plan year resulting from a change in plan year. The safe harbor applies where the amendment changing the plan year has been adopted, but the short year has not ended, by the First Filing Due Date, and later events result in a plan year longer than anticipated because the plan year change does not take place. Any penalty arising from reliance on the amendment is waived for the period from the First Filing Due Date to the Final Filing Due Date. (There is no waiver for interest.)

To pay a prorated estimated premium, you first determine the estimated premium without proration, then subtract a credit that brings the premium down to the prorated amount:

(1) Enter in item 6 of Form 1-ES your estimated flat-rate premium, calculated as if there were no short-year proration.

(2) Multiply the item 6 amount by the following fraction:

$$\frac{\text{12 minus number of months in short year}}{12}$$

In determining the numerator of the fraction, any partial month in the short plan year must be counted as a full month.

(3) Enter the result from step (2) (plus any other available credit) in item 7.

(4) Subtract item 7 from item 6 and enter the result in item 8. If your total credits in item 7 (including any credit from item 17 of your 2003 Form 1-EZ or Form 1 and any estimated short-year credit) are greater than your estimated premium in item 6, enter 0 in item 8.

For example, suppose the plan year of your single-employer plan has been changed by amendment from a calendar year to a year beginning July 15, effective July 15, 2004. Assume that you choose to pay an estimated flat-rate premium for the plan year beginning January 1, 2004, based on your 2003 participant count of 600. Thus your estimated flat-rate premium, calculated as if there were no short-year proration, would be $11,400. This is the amount you would enter in item 6 of Form 1-ES for the plan year beginning January 1, 2004. If you choose to prorate your estimated premium, you would determine your short-year credit by multiplying $11,400 by 5/12. (The number of full and partial months in your short year — *i.e.*, January through July of 2004 — is 7, so the numerator of the fraction is 5 — *i.e.*, 12 minus 7.) This gives you a short-year credit of $4,750 (for the five months of August through December of 2004), which you would enter in item 7 of Form 1-ES. (You would also attach an explanation of the short year proration to your Form 1-ES). Assuming you have no other credits, you would pay $6,650 (*i.e.*, $11,400 minus $4,750) with your Form 1-ES.

Additional Instructions

The premium forms are in Optical Character Recognition (OCR) format. This enables the PBGC to process your plan information quickly and accurately. We will accept the original forms provided in this package; forms provided by a vendor that has received PBGC approval for an automated (computer-generated) version of the form; and forms downloaded from the PBGC Web site (www.pbgc.gov). We will also accept photocopies of the forms; please make sure the copies are clear and properly aligned on the page so that the OCR equipment can read them. The forms you file must have original signatures.

To achieve the best results when printing computer-generated or downloaded forms, use a laser or inkjet printer with resolution of 300 DPI (dots per inch) or higher. Please make sure that you have adequate toner in your printer cartridge. Thermal or dot matrix (9 or 24 pin) printers are not recommended for printing the premium forms. Do not use any printing options, such as "Fit to Page," that may tend to enlarge or reduce the size of the image. Please make sure no part of the form is missing after it is printed.

Your filing should be sent **without** a cover letter. If you need to submit additional information with your filing, it should be in an attachment.

References in these instructions and on Form 1-ES to the 2003 plan year (and to filings and notices for the 2003 plan year) should be considered to refer to your plan's most recent complete plan year. For example, a plan with a short plan year could have two plan years beginning in calendar 2004. When such a plan makes its premium filing(s) for its second 2004 plan year, the references in these instructions and on Form 1-ES to the 2003 plan year (and to filings and notices for the 2003 plan year) should be considered to refer to the plan's first 2004 plan year (and to filings and notices for that plan year), because that is the plan's most recent complete plan year. Similarly, if your plan had two plan years beginning in calendar 2003, the references in these instructions and on Form 1-ES to the 2003 plan year (and to filings and notices for the 2003 plan year) should be considered to refer to the plan's second 2003 plan year, which is the plan's most recent complete plan year.

Clearly print or type information in the boxes. The plan administrator must sign and date the certification at the bottom of the form. Beneath the signature line, print or type the name of the individual who signs and provide a daytime telephone number.

Indicate in item 8(b) whether you are paying your estimated premium by check or electronic transfer. If you pay by check, write the plan's EIN/PN (from item 3(a) and (b) of the form) and the date the premium payment year commenced (PYC) on the check and send the check with Form 1-ES. If you pay by electronic transfer, make the transfer as described in item 2.d. under "CONTACTS" on p. 2.

Report the EIN/PN from item 3(a) and (b), and the date the premium payment year commenced (PYC), in the payment ID line of the electronic transfer in the format "EIN/PN: XX-XXXXXXX/XXX PYC: MM/DD/YY."

To ensure proper credit, you must file a separate Form l-ES and make a separate estimated premium payment for each plan. Do not combine estimated premiums for different plans in one payment. Send the completed Form l-ES to the address in item 2.a. or 2.b. under "CONTACTS" on p. 2.

To obtain additional sets of the 2004 Form 1-ES or copies of the 2004 Estimated Premium Payment Package (or any other PBGC premium forms or instructions), or for help with questions about filing Form l-ES or making electronic transfers or with other premium-related questions or requests, contact us as described in item 3. under "CONTACTS" on p. 2.

If you are a pension practitioner serving many covered plans and wish to receive a bulk shipment of the Estimated Premium Payment Package and Form 1-ES, use the order blank on the inside back cover of this Estimated Premium Payment Package. PBGC's 2004 forms and instructions also are available through the offices of the Employee Benefits Security Administration (EBSA) of the U.S. Department of Labor listed on the inside back cover.

EMPLOYEE BENEFITS SECURITY ADMINISTRATION OFFICES

In addition to being able to obtain PBGC premium forms and instructions from the PBGC (see item 3. under “CONTACTS” on p. 2) you may obtain our forms and instructions through the following offices of the Employee Benefits Security Administration (EBSA) of the U.S. Department of Labor:

CALIFORNIA
San Francisco 94105
71 Stevenson Street
Suite 915
(415) 975-4600

Pasadena 91106
1055 E. Colorado Boulevard
Suite 200
(626) 229-1000

FLORIDA
Plantation 33324
8040 Peters Road
Building H, Suite 104
(954) 424-4022

GEORGIA
Atlanta 30303
61 Forsyth Street SW
Suite 7B54
(404) 562-2156

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

KENTUCKY
Fort Wright 41011-2664
1885 Dixie Highway
Suite 210
(859) 578-4680

MARYLAND
Silver Spring 20910
1335 East West Highway
Suite 200
(301) 713-2000

MASSACHUSETTS
Boston 02203
JFK Building
Room 575
(617) 565-9600

MICHIGAN
Detroit 48226-3211
211 West Fort Street
Suite 1310
(313) 226-7450

MISSOURI
Kansas City 64105-5148
1100 Main Street
Suite 1200
(816) 426-5131

St. Louis 63103
1222 Spruce Street
Room 6.310
(314) 539-2693

NEW YORK
New York City 10004
33 Whitehall Street
Suite 1200
(212) 607-8600

PENNSYLVANIA
Philadelphia 19106-3317
Curtis Center
170 S. Independence Mall West
Suite 870 West
(215) 861-5300

TEXAS
Dallas 75202-5025
525 South Griffin Street
Room 900
(214) 767-6831

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

PBGC PREMIUM PACKAGES - BULK MAILING ORDER FORM

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 record your name and address:

☐ Send 2004 Estimated Premium Payment Package (25 copies of the form and 1 set of instructions).
☐ Send 2004 Premium Payment Package (50 copies of the forms and 1 set of instructions).
☐ Send Estimated Premium Payment Package for filing year ___________. Number of packages needed ____________.
☐ Send Premium Payment Package for filing year ___________. Number of packages needed _______________.
☐ Stop sending bulk packages. They are no longer needed.

Name: ____

Address: ____

____

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Fax this form to: (202) 326-4250
Or mail it to:
Pension Benefit Guaranty Corporation
Department 4315
Carol Stream, IL 60122-4315