

LAW & POLICY GROUP**GRIST**

PBGC COVERAGE DETERMINATIONS COULD BECOME EASIER WITH NEW FORM

*By Mercer's Margaret Berger and Brian Kearney
May 10, 2019*

A new Pension Benefit Guaranty Corporation (PBGC) [coverage determination form](#) with [instructions](#) could streamline and standardize the task of requesting whether a defined benefit plan is covered by the agency's plan termination insurance program. Under a one-year pilot program, employers could also use the form to request opinion letters about certain plans not yet established. Comments on the draft form and instructions, now awaiting [approval](#) by the Office of Management and Budget (OMB), are due by June 7.

SPECIFIC INSTRUCTIONS FOR CERTAIN PLANS

Sponsors currently can submit written requests for coverage determinations for all kinds of plans, but have no form or instructions about how to do so. The new form would give specific instructions and require certain supporting information for the four types of plans most often submitted for coverage determinations:

- Church plans
- Substantial owner plans
- Professional service plans with no more than 25 active participants
- Puerto Rico-based plans

PLANS NOT YET IN EXISTENCE

PBGC can issue coverage determinations only for plans that already exist. A pilot program would let employers use the new form to request an opinion letter on whether a plan not yet established is likely to be exempt from coverage as a professional service or substantial owner plan.

OMB APPROVAL

Federal agencies must request OMB approval of forms requiring or requesting information from the public. OMB's [review](#) ensures the information collection is necessary and won't impose unreasonable time and cost burdens. OMB may approve a form for up to three years, but an agency that wants to continue using the form can request an extension.

RELATED RESOURCES

- [PBGC Information Collection Request](#) (Federal Register, May 8, 2019)
- [Supporting Statement for Paperwork Reduction Act Submission](#) (PBGC, May 8, 2019)
- [Draft Request Form for Coverage Determination](#) (PBGC, May 8, 2019)
- [Draft Instructions for Coverage Determination Requests](#) (PBGC, May 8, 2019)

Note: Mercer is not engaged in the practice of law, accounting or medicine. Any commentary in this article does not constitute and is not a substitute for legal, tax or medical advice. Readers of this article should consult a legal, tax or medical expert for advice on those matters.