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GRIST

PBGC DRAFTS UPDATED PREMIUM PACKAGE FOR RISK TRANSFERS, FINAL FILINGS

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PBGC has [proposed](#) changes to its premium filing package for 2020 to collect additional information on risk-transfer activity involving retirees. The revisions come in response to IRS [Notice 2019-18](#), which relaxed the prohibition against defined benefit plans offering retiree lump-sum windows. The proposal would also require plan sponsors to file a coverage-determination request when making a final premium filing after PBGC coverage ceases. A [document](#) showing the proposed revisions to the filing package is available on PBGC's website. Comments are due Sept. 30.

RISK TRANSFERS

PBGC has been gathering information on risk transfers since 2015. Sponsors must report lump-sum windows and certain annuity purchases in the current plan year (unless the window closed or the purchase was made less than 60 days before the premium filing) and unreported transactions from the previous plan year. Under the proposal, starting with the 2020 plan year, sponsors would only report risk-transfer activity taking place in the prior plan year. Transactions in 2019 that are reported on the 2019 premium filing would be reported again in 2020, but sponsors would not face double-reporting in later years.

The forms themselves would be little changed. For windows, sponsors would still need to report the number of participants eligible for a lump sum and the number who actually take it. However, the forms would require splitting the counts between participants in pay status and those not in pay status (as the forms already require for annuity purchases). Like the current instructions, the proposed instructions would not require reporting any events taking place in the year the plan terminates.

COVERAGE DETERMINATIONS

When a premium filing is the plan's final filing, sponsors must report the date of the event and the reason the filing obligation is ending. Under the current instructions, sponsors claiming the plan is no longer a PBGC-covered plan must provide an explanation as to why the plan is no longer covered. Under the proposal, sponsors must also submit a coverage-determination request (using new forms available on the agency's [insurance coverage](#) page), if such a request hasn't yet been filed.

RELATED RESOURCES

Non-Mercer Resources

- [Proposed Information Collection on Premium Payments](#) (Federal Register, Aug. 1, 2019)
- [Draft Changes to Questions and Instructions for Comprehensive Premium Filing](#) (PBGC, July 31, 2019)
- [PBGC Insurance Coverage](#) (PBGC)

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- [IRS Revives Lump-Sum Windows in Defined Benefit Plans](#) (March 7, 2019)

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