



PBGC takes a U-turn on CARES Act contribution delay

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Defined benefit plan sponsors will welcome the latest [press release](#) from PBGC, which reverses some earlier [Q&A](#) guidance on the effect of the Coronavirus Aid, Relief and Economic Security (CARES) Act (Pub. L. No. 116-136). The agency will now let sponsors amend their 2020 PBGC premium filings to reflect all contributions made by the CARES Act's extended contribution deadline — even contributions made after the premium filing due date — and request a refund of any excess variable-rate premium (VRP). Revisions to this article reflect PBGC [Technical Update 20-2](#) (TU 20-2), which extends to Jan. 1, 2021, the deadline for prior-year contributions to be reflected in the premium filing.

The CARES Act lets employers defer any contribution due in 2020 until Jan. 1, 2021. PBGC premium filings are due by the 15th day of the 10th month of the plan year (Oct. 15 for calendar-year plans) and ordinarily can't reflect contributions made after the filing date. Employers and industry groups had been hoping PBGC would provide relief, either by extending the premium filing deadline until after Jan. 1, 2021; letting sponsors reflect receivables in the filing; or permitting sponsors to make amended filings reflecting any additional contributions.

PBGC's earlier Q&As denied all of these options, meaning that that the effective deadline for making contributions to reflect in calendar-year filings would remain Oct. 15, 2020, not Jan. 1, 2021. This would have prevented sponsors from taking full advantage of the CARES Act delay by imposing a severe penalty — the 4.5% VRP for 2020 — on contributions made after the PBGC filing due date.

Now, PBGC has reversed course and will let sponsors reflect contributions made through Jan. 1, 2021. Sponsors still must make their premium filings on time (without reflecting contributions expected to be made after the filing), but can later request a refund of any excess VRP by submitting an amended filing after all delayed contributions have been paid.

TU 20-2 provides that the deadline for making an amended filing is Feb. 1, 2021. TU 20-2 also gives instructions for completing the amended filing.

Related resources

Non-Mercer resources

- [Technical Update 20-2](#) (PBGC, Sept. 23, 2020)
- [Press release](#) (PBGC, Sept. 21, 2020)
- [COVID-19-related single-employer plan sponsors and administrators Q&As](#) (PBGC, Aug. 31, 2020)
- [Pub. L. No. 116-136](#), the CARES Act (Congress, March 27, 2020)

Mercer Law & Policy resources

- [PBGC issues FAQs on CARES Act contribution delay](#) (July 23, 2020)
- [IRS, PBGC issue employee benefit plan relief for COVID-19 pandemic](#) (April 16, 2020)

Other Mercer resources

- [Navigating coronavirus](#) (regularly updated)

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