

Disqualified Plans

Issue Date 04/01/1985

A. Scope

This internal guidance applies to all terminated single-employer defined benefit pension plans trusteeed by PBGC.

B. Internal Guidance Statement

If a terminating plan had, under Section 4021(a)(1) of ERISA met in practice the requirements of qualified plan or had, under Section 4021(a)(2) met or been determined by the Secretary of the Treasury to meet the requirements of a qualified plan after the enactment of ERISA, benefits under the plan are guaranteeable by PBGC to the extent the benefits accrued before:

- a) the date of issuance of a disqualification letter in the case of a Section 4022(b)(6)(A) disqualification; or
- b) the date of adoption of a disqualifying amendment in the case of a Section 4022(b)(6)(B) disqualification.

Benefits accrued after the dates in A and B above are guaranteeable if the situation resulting in disqualification is corrected before the date of plan termination.

Disallowance by the IRS of an employer/sponsor's deduction for a plan contribution on audit does not by itself constitute notice of disqualification of the plan.

An IRS letter of qualification issued prior to the enactment of ERISA and outstanding after enactment meets the requirement of Section 4022(a)(2).

Vesting and phase-ins do not cease as of the date of disqualification.