

# COVID-19-Related Single-Employer Plan Sponsors and Administrators Questions and Answers

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*The following questions and answers provide guidance related to plan sponsor obligations and PBGC operations in light of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the COVID-19 pandemic.*

## Reportable Events – Missed Contributions

As a result of the CARES Act,<sup>1</sup> required contributions (including quarterly contributions) that would otherwise be due in 2020 are now due January 1, 2021.

- How does this delay impact the requirement to report a failure to make a minimum required contribution provided in section 4043.25 of [PBGC's Reportable Events regulation \(29 CFR part 4043\)](#)?

Because the due date for contributions that would otherwise have been due in 2020 has been extended until January 1, 2021, the event cannot be triggered before then. If required contributions are made by that date, there is no event and no need to notify PBGC.

- If a required contribution that would otherwise have been due during 2020 is not made by January 1, 2021, when is reporting due and which form should be used?

If the accumulated value of missed contributions exceeds \$1 million, a Form 200 is due on January 11, 2021 (i.e., 10 days after January 1st). Otherwise, unless one of the waivers provided in section 4043.25(c) of [PBGC's Reportable Events regulation \(29 CFR part 4043\)](#) applies, a Form 10 must be submitted. In general, the Form 10 is due 30 days after the missed contribution, but because January 31 is a Sunday, the due date moves to the next business day, February 1, 2021. As always, PBGC encourages filers to use the [e-filing portal](#) to prepare and submit all reportable event filings.

## Premiums

PBGC's [premium regulation](#) provides that the assets used to determine the variable rate premium (VRP) include the discounted value of prior year contributions receivable to the extent received by the plan by the date the premium is filed (29 CFR 4006.4(c)). As a result of the CARES Act, required contributions that would otherwise be due before the premium due date are now due after such date.

- Does the extended due date for required contributions have any effect on the treatment of contributions receivable for VRP purposes?

As a result of the CARES Act extension, plans have an additional month to make prior year contributions that will be reflected in the VRP calculation, as illustrated below for a calendar year plan:

- The 2020 premium is due October 15, 2020.
- If not for the CARES Act, the last date for making a required contribution for the 2019 plan year would have been September 15, 2020.
- Because of the CARES Act, the last date for making a required contribution for the 2019 plan year is January 1, 2021.

Assuming the premium filing is submitted on October 15, 2020, the discounted value of contributions for 2019 received after September 15, 2020 and on or before October 15, 2020 are also included in the asset value for VRP purposes.

- If a contribution for the prior year is made after the premium is filed, may the plan administrator amend the filing to increase the originally reported asset value by the discounted value of the prior year contribution made after the premium filing date and then request a refund?

No. As noted above, under PBGC's premium regulation (29 CFR 4006.4(c)), prior year contributions are included in assets for VRP purposes only to the extent received by the plan by the date the premium is filed (October 15, 2020 in the example above). Reflecting prior year contributions received after the premium is filed as part of an amended filing would be inconsistent with that rule.

## PBGC Single-Employer Program Operations

- During the COVID-19 pandemic, will PBGC continue to review Distress Termination applications, and can a notice be filed with financial projections that may be subject to change in the next few weeks/months?

PBGC continues to process Distress Termination applications. All plan sponsors considering filing a distress termination notice are encouraged to schedule a pre-filing consultation with PBGC. During this consultation, PBGC can provide information on the criteria and process for a distress termination to aid in determining the appropriateness of a distress termination based on the facts and circumstances of each case. PBGC recognizes that the impact of COVID-19 on plan sponsors is not fully known and financial projections may change as a result. Specific facts impacting a plan sponsor's financial projections can be discussed during the pre-filing consultation. A distress termination pre-filing consultation can be scheduled by sending an email to [distress@pbgc.gov](mailto:distress@pbgc.gov) or calling 202-326-4070.

- Will PBGC initiate termination of pension plans during the COVID-19 pandemic?

PBGC has the discretion to initiate termination of a pension plan when the

statutory criteria are met. PBGC exercises this discretion based on the facts and circumstances of the specific case. This most often occurs when a plan sponsor goes out of business and protection of the participants' benefits is necessary (including ensuring participants receiving benefits are paid). PBGC will continue to review cases to determine whether initiating a termination is appropriate.

- Will PBGC suspend efforts to collect termination liabilities until 2021?

When a pension plan terminates, PBGC works with plan sponsors to resolve the termination liability owed. PBGC will continue to work with plan sponsors to resolve the termination liability, considering their financial ability to pay based on the facts and circumstances of each case.

- Will Early Warning Program inquiries be suspended during the COVID-19 pandemic?

Under the Early Warning Program, PBGC regularly monitors corporate transactions or events that could affect a plan sponsor's ability to continue to support its pension plan. During the COVID-19 pandemic, PBGC will continue to review transactions or events that may pose an increased risk to plans and the pension insurance system, and where necessary, contact the plan sponsor to get more information.

#### Disclaimer

The questions and answers do not have the force and effect of law and are not meant to bind the public in any way. They are intended only to provide clarity to the public regarding existing requirements under the law or PBGC policies.

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[1](#) section 3608(a) of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act")(Public Law 116-136)

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