

SUBCHAPTER B—PREMIUMS

PART 4006—PREMIUM RATES

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§ 4006.1 Purpose and scope.

This part, which applies to all plans covered by title IV of ERISA, provides rules for computing the premiums imposed by sections 4006 and 4007 of ERISA. (See part 4007 of this chapter for rules for the payment of premiums, including due dates and late payment charges.)

§ 4006.2 Definitions.

The following terms are defined in § 4001.2 of this chapter: Code, contributing sponsor, ERISA, fair market value, insurer, irrevocable commitment, multiemployer plan, notice of intent to terminate, PBGC, plan administrator, plan, plan year, and single-employer plan.

In addition, for purposes of this part:

New plan means a plan that became effective within the premium payment year and includes a plan resulting from a consolidation or spinoff. A plan that meets this definition is considered to be a new plan even if the plan constitutes a successor plan within the meaning of section 4021(a) of ERISA.

Newly-covered plan means a plan that is not a new plan and that was not covered by title IV of ERISA immediately prior to the premium payment year.

Participant has the meaning described in § 4006.6.

Premium payment year means the plan year for which the premium is being paid.

Short plan year means a plan year that is less than twelve full months.

[61 FR 34016, July 1, 1996, as amended at 65 FR 75163, Dec. 1, 2000]

§ 4006.3 Premium rate.

Subject to the provisions of § 4006.5 (dealing with exemptions and special rules), the premium paid for basic benefits guaranteed under section 4022(a) of ERISA shall equal the flat-rate premium under paragraph (a) of this section plus, in the case of a single-employer plan, the variable-rate premium under paragraph (b) of this section.

(a) *Flat-rate premium.* The flat-rate premium is equal to the number of participants in the plan on the last day of the plan year preceding the premium payment year, multiplied by—

- (1) \$19 for a single-employer plan, or
- (2) \$2.60 for a multiemployer plan.

(b) *Variable-rate premium.* The variable-rate premium is \$9 for each \$1,000 of a single-employer plan's unfunded vested benefits, as determined under § 4006.4.

§ 4006.4 Determination of unfunded vested benefits.

(a) *General rule.* Except as permitted by paragraph (c) of this section or as provided in the exemptions and special rules under § 4006.5, the amount of a plan's unfunded vested benefits (as defined in paragraph (b) of this section) shall be determined as of the last day of the plan year preceding the premium payment year, based on the plan provisions and the plan's population as of that date. The determination shall be made in accordance with paragraph (a)(1) or (a)(2), and shall be certified to in accordance with paragraph (a)(4).

(1) The unfunded vested benefits shall be determined using the actuarial assumptions and methods described in paragraph (a)(3) for the plan year preceding the premium payment year (or, in the case of a new or newly-covered plan, for the premium payment year), except to the extent that other actuarial assumptions or methods are specifically prescribed by this section or are necessary to reflect the occurrence of a significant event described in paragraph (d) of this section between the date of the funding valuation and the last day of the plan year preceding the premium payment year. (If the plan