

year break in service as a service computation period in which less than 500 hours of service is performed. On February 1, 2002, John has an accrued benefit of \$18 per month beginning at age 65 based on credit for 1,200 hours of service in the service computation period that began July 1, 2000. However, John has credit for only 492 hours of service in the service computation period that began July 1, 2001. On February 1, 2002, John terminates his employment. On December 31, 2002 (the snapshot date for the 2003 premium), John has incurred a one-year break in service, and thus is not counted as a participant for purposes of computing the plan's 2003 premium.

Example 3. On January 1, 2004, the plan is amended to provide that if a vested participant whose accrued benefit has a present value of \$5,000 or less leaves employment, the benefit will be immediately cashed out. On December 30, 2005, Jane, who has a vested benefit with a present value of less than \$5,000, leaves employment. Because of reasonable administrative delay in determining the amount of the benefit to be paid, the plan does not pay Jane the value of her benefit until January 9, 2006. Under the provisions of this section, Jane is treated as not having an accrued benefit on December 31, 2005 (the snapshot date for the 2006 premium), because Jane's benefit is treated as having been paid on December 30, 2005. Thus, Jane is not counted as a participant for purposes of computing the plan's 2006 premium.

Example 4. If the plan amendment had instead provided for cashouts as of the first of the month following termination of employment, and the plan paid Jane the value of her benefit on January 1, 2006, Jane would be treated under the provisions of this section as having an accrued benefit on December 31, 2005, and would thus be counted as a participant for purposes of computing the plan's 2006 premium.

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PART 4007—PAYMENT OF PREMIUMS

Sec.	
4007.1	Purpose and scope.
4007.2	Definitions.
4007.3	Filing requirement; method of filing.
4007.4	Where to file.
4007.5	Date of filing.
4007.6	Computation of time.
4007.7	Late payment interest charges.
4007.8	Late payment penalty charges.
4007.9	Coverage for guaranteed basic benefits.
4007.10	Recordkeeping; audits; disclosure of information.
4007.11	Due dates.
4007.12	Liability for single-employer premiums.

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§ 4007.1 Purpose and scope.

This part, which applies to all plans that are covered by title IV of ERISA, provides procedures for paying the premiums imposed by sections 4006 and 4007 of ERISA. (See part 4006 of this chapter for premium rates and computational rules.)

§ 4007.2 Definitions.

(a) The following terms are defined in § 4001.2 of this chapter: Code, contributing sponsor, ERISA, insurer, IRS, multiemployer plan, notice of intent to terminate, PBGC, plan, plan administrator, plan year, and single-employer plan.

(b) For purposes of this part, the following terms are defined in § 4006.2 of this chapter: new plan, newly covered plan, participant, premium payment year, and short plan year.

§ 4007.3 Filing requirement; method of filing.

The estimation, declaration, reconciliation, and payment of premiums shall be made in accordance with the premium instructions on the PBGC's Web site (<http://www.pbgc.gov>). The plan administrator of each covered plan is responsible for filing prescribed premium information and payments. No later than the applicable due date(s) specified in § 4007.11, a plan's required premium payment(s) and related information, certified as provided in the premium instructions, must be filed in the manner and format prescribed in the instructions. Information must be filed electronically except to the extent that the PBGC grants an exemption for good cause in appropriate circumstances. The requirement to file electronically applies to filings for plan years beginning in 2006 that are made on or after July 1, 2006, for plans with 500 or more participants for the prior plan year and to filings for all plans for plan years beginning after 2006. (The requirement to file electronically does not apply to information filed to comply with a PBGC request