

PBGC Moratorium on 4062(e) Enforcement Ends

January 30, 2015

Under old ERISA Section 4062(e), an employer was required to make payments to the Pension Benefit Guaranty Corporation (PBGC) or post a bond when the employer ceased operations at a facility and more than 20 percent of the employees covered by the employer's pension plan lost their jobs. In mid-2014, PBGC announced a moratorium on enforcement of this provision. Congress recently passed major changes to Section 4062(e), including an exemption for small plans and plans that are 90 percent funded, lowering the trigger threshold from 20 percent to 15 percent, and the ability to make plan contributions to satisfy 4062(e) liability. Due to the additional clarity brought about by these changes, PBGC is ending its moratorium on enforcement. Employers that had or have a cessation of operations on or after December 16, 2014 should use the new rules for determining whether the event must be reported to PBGC. PBGC's announcement can be found [here](#).