

PBGC Proposed Regulations Address Guarantee of Unpredictable Contingent Event Benefits

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The PBGC has issued proposed regulations addressing the phase-in, as changed by the Pension Protection Act of 2006 (PPA), of its guarantee of benefits in the case of benefit increases that result from so-called "unpredictable contingent event benefits" (UCEBs). UCEBs include such things as shutdowns of different kinds of facilities, such as plants, administrative offices, warehouses, retail operations, and, in some cases, layoffs and other workforce reductions. The proposed regulations provide that the guarantee is phased in from the latest of (i) the date the benefit provision is adopted, (ii) the date the provision is effective, or (iii) the date the event occurs. The proposed regulations also address a PPA change affecting employers that terminate pension plans while in bankruptcy. If the plan termination occurs after the employer entered bankruptcy, the benefits guaranteed by the PBGC will be those benefits determined as of the bankruptcy filing date rather than the plan termination date. This means that if a plant shutdown or other event giving rise to an UCEB occurs during bankruptcy, the PBGC will not guarantee that benefit. The proposed regulations can be found [here](#).