

PBGC Proposes Rule to Lower Penalties on Late Premiums

May 6, 2016

PBGC issued a proposed rule to lower the penalty rates charged for late premium payments and to provide a waiver of most of the penalty for plans with a demonstrated commitment to premium compliance. The penalty for a late premium payment is a percentage of the late payment amount multiplied by the number of full or partial months the amount is late, subject to a floor of \$25 (or the amount of the late premium, if less). The lower rate applies to self-correction where the premium underpayment is corrected before PBGC gives notice that there is or may be an underpayment. This proposed rule would cut the rates and caps in half and eliminate the floor. The proposed rule would also create a new penalty waiver that would apply to underpayments by plans with good compliance histories if corrected promptly after notice from PBGC. PBGC proposes to apply these changes to late premium payments for plan years beginning after 2015. Comments on the proposed rule must be submitted to PBGC on or before June 27, 2016. The proposed rule is available [here](#).