



Pension Benefit Guaranty Corporation (PBGC) Coverage Election

The **PBGC** was created by the Employee Retirement Income Security Act (ERISA) and acts as an insurance company for defined benefit plans.

Defined benefit plans, including cash balance plans, are required to pay annual insurance premiums to the PBGC unless they fall within the following *exemptions*: 1) Small Professional Service Plans, 2) Substantial Owners Plan, or less commonly, 3) certain Puerto Rico or church plans.

1. A **Small Professional Service Plan** is a plan that has never covered 25 or more active participants, sponsored by an employer that performs professional services and is owned or controlled by one or more "Professional Individuals".
 - Available examples of a Professional Individual include but aren't limited to: physicians, dentists, chiropractors, osteopaths, optometrists, other licensed practitioners of the healing arts, attorneys at law, public accountants, public engineers, architects, draftsmen, actuaries, psychologists, social or physical scientists, and performing artists.

2. A **Substantial Owners Plan** is effectively an owner only plan, where the plan sponsor's owner holds the entire interest in an unincorporated trade or business, or a partnership or corporation, is a more than a 10% owner of the partnership or shares of the respective entities.

Note: For additional information on the PBGC insurance coverage requirements, you can review their website here:

<https://www.pbgc.gov/employers-practitioners/legal-resources/insurance-coverage>

Please confirm **one** of the following:

- ☐ One of the exemptions above applies to my company.
- ☐ the organization falls outside of the exemption definitions and we agree to proceed as a PBGC covered plan.
- ☐ Submit to the PBGC for a determination of the coverage status. (If there's any question about your status, it's recommended to submit for determination.) With this option, PBS will begin preparing the form and provide you with instructions for completing the process.

Print Name

Signature Date

Authorized Signature



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