

## SUBCHAPTER B—PREMIUMS

### PART 4006—PREMIUM RATES

Sec.

4006.1 Purpose and scope.

4006.2 Definitions.

4006.3 Premium rate.

4006.4 Determination of unfunded vested benefits.

4006.5 Exemptions and special rules.

4006.6 Definition of “participant.”

4006.7 Premium rate for certain terminated single-employer plans.

AUTHORITY: 29 U.S.C. 1302(b)(3), 1306, 1307.

SOURCE: 61 FR 34016, July 1, 1996, unless otherwise noted.

#### § 4006.1 Purpose and scope.

This part, which applies to all plans covered by title IV of ERISA, provides rules for computing the premiums imposed by sections 4006 and 4007 of ERISA. (See part 4007 of this chapter for rules for the payment of premiums, including due dates and late payment charges.)

#### § 4006.2 Definitions.

The following terms are defined in § 4001.2 of this chapter: benefit liabilities, Code, contributing sponsor, ERISA, fair market value, insurer, irrevocable commitment, mandatory employee contributions, multiemployer plan, notice of intent to terminate, PBGC, plan administrator, plan, plan year, and single-employer plan.

In addition, for purposes of this part:

*New plan* means a plan that did not exist before the premium payment year and includes a plan resulting from a consolidation or spinoff. A plan that meets this definition is considered to be a new plan even if the plan constitutes a successor plan within the meaning of section 4021(a) of ERISA.

*Newly-covered plan* means a plan that is not a new plan and that was not covered by title IV of ERISA immediately prior to the premium payment year.

*Participant* has the meaning described in § 4006.6.

*Participant count* of a plan for a plan year means the number of participants in the plan on the participant count date of the plan for the plan year.

*Participant count date* of a plan for a plan year means the date provided for in § 4006.5(c), (d), or (e) as applicable.

*Premium funding target* has the meaning described in § 4006.4(b)(1).

*Premium payment year* means the plan year for which the premium is being paid.

*Short plan year* means a plan year of coverage that is shorter than a normal plan year.

*UVB valuation date* of a plan for a plan year means the plan's funding valuation date for the plan year determined in accordance with ERISA section 303(g)(2).

[61 FR 34016, July 1, 1996, as amended at 65 FR 75163, Dec. 1, 2000; 73 FR 15074, Mar. 21, 2008]

#### § 4006.3 Premium rate.

Subject to the provisions of § 4006.5 (dealing with exemptions and special rules) and § 4006.7 (dealing with premiums for certain terminated single-employer plans), the premium paid for basic benefits guaranteed under section 4022(a) or section 4022A(a) of ERISA shall equal the flat-rate premium under paragraph (a) of this section plus, in the case of a single-employer plan, the variable-rate premium under paragraph (b) of this section.

(a) *Flat-rate premium.* The flat-rate premium is equal to the number of participants in the plan on the participant count date, multiplied by the applicable flat premium rate determined under paragraph (c) of this section.

(b) *Variable-rate premium.* (1) *In general.* Subject to the limitation in paragraph (b)(2) of this section, the variable-rate premium is \$9 for each \$1,000 (or fraction thereof) of a single-employer plan's unfunded vested benefits for the premium payment year, as determined under § 4006.4.

(2) *Cap on variable-rate premium.* If a plan is described in paragraph (b)(3) of this section for the premium payment year, the variable-rate premium does not exceed \$5 multiplied by the square of the number of participants in the plan on the last day of the plan year preceding the premium payment year.