

Pension Benefit Guaranty Corporation

81-28

August 31, 1981

REFERENCE:

[*1] 4007 Payment of Premiums
29 CFR 2602 Payment of Premiums

OPINION:

This is in reference to your letter regarding the above-referenced plan (the "Plan") and our letter in response (copy enclosed). As we discussed over the telephone on June 9, 1981, this is to supplement our initial response.

First, the Plan is not required to pay premiums for those * * * Corporation * * * employees who are excluded from participation in the Plan while they are represented by a union. However, * * * is required to pay premiums for non-union employees earning credited service under the terms of the Plan without regard to whether their compensation falls below the integration cut-off.

Second, your letter directed our attention to Plan Sections 2.1(8)(3), 1.2(A)(1), and 1.40 which relate to credited service and participation in this integrated pension plan. Our conclusions since only employees can earn credited service, and as Section 1.17 limits the definition of employee to persons employed by directly, we conclude that premiums do not have to be paid for employees of trades or businesses under common control with * * *.

We hope this response has been helpful. Should you have any questions, please phone [*2] * * * the attorney handling this matter, at (202) 254-3010.

Mitchell Strickler
Deputy General Counsel