

The Pension Protection Act of 2006 (PPA 2006) changed plan funding rules and the related variable-rate premium (VRP) rules. PBGC's annual employer reporting regulation contains provisions that refer to the funding and VRP rules. PBGC is revising this regulation to accommodate the changes, but there is a transitional period — before the revised regulation becomes applicable — for which filers need guidance about how to apply the existing regulation. Technical Update 07-2 provides basically that pre-PPA 2006 rules are to be applied during the transitional period and illustrates this guidance with examples. It also states PBGC's interpretation that the PPA 2006 changes to the annual employer reporting provisions of ERISA apply to reporting years beginning after 2007. There is no change in burden or cost of the information collection.

For most potential filers, the guidance in Technical Update 07-2 is consistent with existing provisions of law and serves basically as reassurance that those provisions can be followed despite the fact that, by changing how premiums are determined for plan years beginning after 2007, PPA 2006 has broken the historical symmetry between the annual employer reporting provisions and the premium provisions. For potential filers in certain unusual situations, PPA 2006 creates statutory ambiguities that make it unclear what rules might apply in the absence of guidance. Such situations would involve a plan that changes plan years, thus creating a short plan year. For these relatively rare situations, the guidance provided by Technical Update 07-2 is to act as if old law applied.