

# COVID-19 UPDATE: NEW GUIDANCE FOR EMPLOYER SPONSORED RETIREMENT PLANS

Hodgson Russ Employee Benefits Newsletter  
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Various governmental agencies continue to publish helpful COVID-related guidance for employers that maintain qualified retirement plans for their employees. New guidance that may be of interest to employers includes the following:

IRS Publishes FAQ Regarding Partial Termination Determinations in Connection with Temporary Layoffs During the COVID-19 Pandemic – The IRS maintains and periodically updates a set of FAQs that address retirement plan issues related to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the COVID-19 pandemic generally (see [here](#)). A newly added FAQ addresses how employees who participated in a business's qualified retirement plan, are laid off because of COVID-19, and rehired by the end of 2020 will be treated for purposes of making a partial termination determination. The FAQ indicates that those employees generally will *not* be treated as having an employer-initiated severance from employment for purposes of calculating the turnover rate used to determine whether a partial termination has occurred during an applicable period.

PBGC Publishes FAQs Addressing COVID-19-Related Issues for Sponsors of Defined Benefit Pension Plans – In July, the Pension Benefit Guaranty Corporation published a series of FAQs (see [here](#)), addressing a variety of COVID-19-related topics for sponsors of single-employer defined benefit plans, including:

Whether a reportable event occurs as a result of deferring contributions (including quarterly contributions) that would otherwise be due in 2020 January 1, 2021, as permitted under the CARES Act – if required contributions are made by that date, there is no event and no need to notify PBGC.

How the variable rate premium will be calculated to account for prior year contribution receivables if required contributions that would otherwise be due before the premium due date are paid after that date.

How PBGC operations are affected by the COVID-19 pandemic, including the continued processing of distress terminations, the PBGC's continued willingness to initiate plan terminations, the PBGC's ongoing

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termination liability collection efforts, and the PBGC's ongoing reviews transactions or events that may pose an increased risk to plans and the pension insurance system under its Early Warning Program.

