§ 4041A.42 Method of distribution.

The plan sponsor shall distribute plan assets by purchasing from an insurer contracts to provide all benefits required by § 4041A.43 to be provided in annuity form and by paying in a lump sum (or other alternative elected by the participant) all other benefits.

§ 4041A.43 Benefit forms.

(a) General rule. Except as provided in paragraph (b) of this section, the sponsor of a plan that is closed out shall provide for the payment of any benefit attributable to employer contributions only in the form of an annuity.

(b) Exceptions. The plan sponsor may pay a benefit attributable to employer contributions in a form other than an annuity if:

(1) The present value of the participant’s entire nonforfeitable benefit, determined using the interest assumption under §§ 4044.41 through 4044.57, does not exceed $5,000.

(2) The payment is for death benefits provided under the plan.

(3) The participant elects an alternative form of distribution in accordance with this paragraph (c) of this section.

(c) Alternative forms of distribution. The plan sponsor may allow participants to elect alternative forms of distribution in accordance with this paragraph. When a form of distribution is offered as an alternative to the normal form, the plan sponsor shall notify each participant, in writing, of the form and estimated amount of the participant’s normal form of distribution. The notification shall also describe any risks attendant to the alternative form. Participants’ elections of alternative forms shall be in writing.

[61 FR 34052, July 1, 1996, as amended at 63 FR 38306, July 16, 1998]

§ 4041A.44 Cessation of withdrawal liability.

The obligation of an employer to make payments of initial withdrawal liability and mass withdrawal liability shall cease on the date on which the plan’s assets are distributed in full satisfaction of all nonforfeitable benefits provided by the plan.

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