§ 4010.4 Filers.

(a) General. A contributing sponsor of a plan and each member of the contributing sponsor’s controlled group on the last day of the information year is a filer with respect to an information year (unless exempted under paragraph (c) of this section) if—

(1) For any plan (including an exempt plan) maintained by the members of the contributing sponsor’s controlled group on the last day of the information year, the funding target attainment percentage for the plan year ending within the information year is less than 80 percent;

(2) Any member of the controlled group fails to make a required installment or other required payment to a plan and, as a result, the conditions for imposition of a lien described in ERISA section 303(k) and Code section 430(k) have been met during the information year, and the required installment or other required payment is not made within ten days after its due date; or

(3) Any plan maintained by a member of the controlled group has been granted one or more minimum funding waivers under ERISA section 302(c) and Code section 412(c) totaling in excess of $1 million, and as of the end of the plan year ending within the information year, any portion thereof is still outstanding.

(b) Funding target attainment percentage—(1) General. Except as provided in paragraph (b)(3) of this section, the funding target attainment percentage as provided under ERISA section 303(d)(2) and Code section 430(d)(2) have been met during the information year, and the required installment or other required payment is not made within ten days after its due date; or

(2) Any member of the controlled group fails to make a required installment or other required payment to a plan and, as a result, the conditions for imposition of a lien described in ERISA section 303(k) and Code section 430(k) have been met during the information year, and the required installment or other required payment is not made within ten days after its due date; or

(3) Any plan maintained by a member of the controlled group has been granted one or more minimum funding waivers under ERISA section 302(c) and Code section 412(c) totaling in excess of $1 million, and as of the end of the plan year ending within the information year, any portion thereof is still outstanding.

(b) Funding target attainment percentage—(1) General. Except as provided in paragraph (b)(3) of this section, the funding target attainment percentage for a plan for the plan year equals the funding target attainment percentage as provided under ERISA section 303(d)(2) and Code section 430(d)(2) determined as of the valuation date for the plan year.

(2) Prefunding balance and funding standard carryover balance elections. For purposes of determining the funding target attainment percentage for a plan for the plan year, prefunding balances and funding standard carryover balances are reduced by any credit balance described in paragraph (b)(4)(iii) of this section, and the denominator of which is the plan’s current liability determined using the highest rate of interest allowable under Code section 412(d)(7) as of the valuation date for the 2007 plan year.

(3) Transition rule for plan years beginning before 2008. For plan years beginning before 2008, the funding target attainment percentage for a plan for the plan year is determined as the fraction (expressed as a percentage), the numerator of which is the net transition plan assets determined under paragraph (b)(4) of this section, and the denominator of which is the plan’s current liability determined using the highest rate of interest allowable under Code section 412(d)(7) as of the valuation date for the 2007 plan year.

(4) Net transition plan assets—(i) In general. Net transition plan assets for purposes of paragraph (b)(3) of this section are equal to plan assets as determined under Code Section 412(c)(2) as in effect for the plan year beginning in 2007, except that the value of plan assets before subtracting the plan’s funding standard account credit balance described in paragraph (b)(4)(ii) of this section can neither be less than 90 percent of the fair market value of plan assets nor greater than 110 percent of the fair market value of plan assets on the valuation date for that plan year.

(ii) Determination of assets. Plan assets under this paragraph (b)(4)(i) are determined under Code Section 412(c)(2) as in effect for the plan year beginning in 2007, except that the value of plan assets before subtracting the plan’s funding standard account credit balance described in paragraph (b)(4)(ii) of this section can neither be less than 90 percent of the fair market value of plan assets nor greater than 110 percent of the fair market value of plan assets on the valuation date for that plan year.

(iii) Subtraction of credit balance. If a plan has a funding standard account credit balance as of the valuation date for the plan year beginning in 2007, that balance is subtracted from the asset value described in paragraph (b)(4)(ii) of this section as of that valuation date.

(iv) Effect of funding standard carryover balance reduction for 2008 plan year. Notwithstanding paragraph (b)(4)(iii) of this section, if, for the plan year beginning in 2008, the employer has made an election to reduce some or all of the funding standard carryover balance as of the first day of that year in accordance with ERISA section 303(f) and Code section 430(f), then the present value (determined as of the valuation date) that value.
date for the plan year beginning in 2007 using the valuation interest rate for that plan year) of the amount so reduced is not treated as part of the funding standard account credit balance when that balance is subtracted from the asset value under paragraph (b)(4)(iii) of this section.

(c) Exempt entities. A person is an exempt entity for an information year if the conditions of paragraphs (c)(1) through (4) of this section are satisfied.

(1) The person is not a contributing sponsor of a plan (other than an exempt plan) as of the last day of the information year.

(2) The person has revenue for its fiscal year ending within the controlled group’s information year that is five percent or less of the revenue of the person’s controlled group for the fiscal year(s) ending within the information year.

(3) The person has annual operating income for the fiscal year ending within the controlled group’s information year that is no more than the greater of—

(i) Five percent of the controlled group’s annual operating income for the fiscal year(s) ending within the information year, or

(ii) $5 million.

(4) The person has net assets at the end of the fiscal year ending within the controlled group’s information year that is no more than the greater of—

(i) Five percent of the controlled group’s net assets at the end of the fiscal year(s) ending within the information year, or

(ii) $5 million.

(d) Transition rule; failure to make required contribution; minimum funding waiver. For plan years beginning before 2008, where the reference is made in paragraph (a)(2) of this section to “ERISA section 303(k) and Code section 430(k)” a reference to “ERISA section 302(f)(1)(A) and (B) and Code section 412(n)(1)(A) and (B)” shall apply in its place, and where the reference is made in paragraph (a)(3) of this section to “ERISA section 302(c) and Code section 412(c)” a reference to “ERISA section 303 and Code section 412(d)” shall apply in its place as those provisions are in effect for plan years beginning before 2008.

(e) Minimum funding waiver—(1) General. For purposes of §4010.4(a)(3), a portion of the minimum funding waiver for a plan is considered outstanding unless prior to the plan year ending within the information year the statutory amortization period has ended, or, as of the valuation date for the plan year ending within the information year, the amortization bases are deemed to be reduced to zero pursuant to ERISA section 303(e)(5) and Code section 430(e)(5).

(2) Example. Company A sponsors Plan X, which received a minimum funding waiver of $700,000 for the plan year ending December 31, 2004, and another waiver of $500,000 for the plan year ending December 31, 2008. Assume that the amortization bases of the waivers are not reduced to zero pursuant to ERISA section 303(e)(5) and Code section 430(e)(5), and the waivers are therefore outstanding for the full five-year statutory amortization period. Also, assume Company A has a calendar information year. For the 2009 information year, Company A must report under ERISA section 4010. However, for the 2010 information year, Company A, assuming no other obligation to report under ERISA section 4010, is not required to report.

(f) Certain plans to which special funding rules apply. The provisions of sections 104, 105, 106, and 402(b) of the Pension Protection Act of 2006, Public Law 109–280 (dealing with plans of certain rural cooperatives, certain plans affected by settlement agreements with PBGC, certain plans of government contractors, and certain frozen plans of commercial passenger airlines and airline caterers), are disregarded for purposes of this part, except that these provisions are taken into account in determining the information to be submitted under §4010.8(1) of this part (in connection with the actuarial valuation report).

§4010.5 Information year.

(a) Determinations based on information year. An information year is used under this part to determine which persons are filers (§4010.4), what information a filer must submit (§§4010.6–4010.9), whether a plan is an exempt