

EB Flash: IRS and PBGC Extend Funding-Related Deadline for Defined Benefit Pension Plans

Employee Benefits Alert

11.16.2020

Today, the Internal Revenue Service (IRS) issued [Notice 2020-82](#), and the Pension Benefit Guaranty Corporation (PBGC) revised previously-issued [Technical Update 20-2](#), extending the deadline by which contributions otherwise required during 2020 must be made to single-employer defined benefit plans. The new deadline is January 4, 2021, which is the first business day of the 2021 calendar year.

[Section 3608\(a\)](#) of the [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#) and [IRS guidance](#) released thereunder extend the due date for funding-related minimum required contributions due in calendar year 2020 to Friday, January 1, 2021. Because January 1 is a federal holiday and followed by a weekend, the IRS explains that the January 1, 2021 deadline "effectively requires many employers to make these contributions prior to January 1, 2021, which would be inconsistent with the legislative intent to defer the payment obligation until calendar year 2021."

As explained in Notice 2020-82, "if the plan year is a plan year for which the extended due date for minimum required contributions under § 3608(a) of the CARES Act applies, then the deadline for a plan sponsor's election to add to a prefunding balance or to use a prefunding balance or a funding standard carryover balance to offset the minimum required contribution for that plan year is extended to January 4, 2021."

The PBGC issued corresponding relief in Revised Technical Update 20-2, which provides that "relief related to the timing of contribution receipts includable in the asset value used to determine variable rate premiums due in 2020 . . . will generally enable plan sponsors to take advantage of the CARES Act extension and still ultimately pay the same variable-rate premium they would have owed had the plan received all prior year contributions by the regular contribution due date."

Thus, pursuant to Revised Technical Update 20-2, "[f]or premium filings due on or after March 1, 2020 and before January 1, 2021, the date by which prior year contributions must be received by the plan to be included in plan assets under § 4006.4(c) of PBGC's premium rates regulation is extended to January 4, 2021."

The PBGC clarifies that for purposes of the relief, the asset value used to determine the variable-rate premium "is discounted in the same manner and using the same interest rates as required for funding purposes."

- [Text of Notice 2020-82](#)
- [Text of Revised Technical Update 20-2](#)

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