



BENEFIT NEWS BRIEF

FAQs on Multiemployer Plan Leasing Arrangements

PBGC Flat-Rate Premiums Remain The Same For 2012

The Employee Benefits Security Administration (EBSA) released some *Frequently Asked Questions (FAQs)* on Multiemployer Plan Leasing Arrangements. According to the EBSA, the *FAQs* are meant to serve as guidance and as a reminder to fiduciaries of multiemployer plans that *prohibited transaction* violations of the *Employee Retirement Income Security Act of 1974 (ERISA)* may arise in leasing or service provider arrangements.

The *FAQs* describe arrangements in which a multiemployer plan leases office space or classroom space to or from a sponsoring union or other party who has a relationship to the plan and the prohibited transaction rules that are violated by those arrangements.

Also addressed are the administrative and statutory exemptions that may apply with an analysis of the specific prohibited transaction provisions that are covered by each exemption. The questions and answers also describe the consequences to a plan fiduciary if a leasing arrangement is prohibited but does not qualify for an exemption.

The eight *FAQs* are available at: <http://www.dol.gov/ebsa/pdf/faq-leasingarrangements.pdf> or by "[clicking here](#)." The eight questions are listed below:

- Q1: What are common prohibited transactions involving leasing of office space by multiemployer plans?
- Q2: What relief is provided in statutory or prohibited transaction class exemptions to permit leasing arrangements between multiemployer plans and parties in interest?
- Q3: What steps should plan fiduciaries take to avoid non-exempt prohibited transactions involving leases of office space between multiemployer plans and parties in interest?
- Q4: What are common prohibited transactions involving the leasing of classroom space by multiemployer apprenticeship plans?

Q5: What relief is provided in statutory or class prohibited transaction exemptions to permit classroom space leasing arrangements between multiemployer apprenticeship plans and parties in interest?

Q6: What steps should plan fiduciaries take to avoid non-exempt prohibited transactions involving leases of classroom space by multiemployer apprenticeship plans from parties in interest?

Q7: What are other common problems found by the Department in its examination of exemption requests involving multiemployer plan leasing arrangements with parties in interest?

Q8: What is a fiduciary's liability if its involvement in a leasing or service provider arrangement is a prohibited transaction under Section 406 of ERISA and does not qualify for a statutory or administrative exemption?

Other helpful *FAQs* on compliance matters for both pension and health plans can be found on the EBSA website at: <http://www.dol.gov/ebsa/faqs/main.html>.

PBGC News

The PBGC announced that there will be no increase in flat-rate premiums for plan year 2012. The per-participant flat-rate premium for plan year 2012 is \$35 for single-employer plans and **\$9 for multiemployer plans** (both unchanged from plan year 2011). By law, the premium rates are adjusted for inflation each year based on changes in the national average wage index.

<http://www.pbgc.gov/prac/whatsnew.html>

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