

Pension Benefit Guaranty Corporation

75-61

November 12, 1975

REFERENCE:

[\*1] 4041 Termination by Plan Administrator

OPINION:

This is in response to your letter of September 2, 1975 to \* \* \* of my staff. Your letter states the following:

"This will also serve to confirm your advice to us that policies of insurance issued on the lives of participants in said plan, can be surrendered at this time to the insurance company for their respective cash values, which amounts when received will be added to the auxiliary fund of the pension trust and held until such time as the assets of the Pension Plan are to be distributed to the participants."

The Pension Benefit Guaranty Corporation takes no position on whether, after a plan administrator has filed a notice of intent to terminate a plan, the trustees of the plan may surrender for cash insurance policies issued on the lives of participants and hold the cash in the plan's auxiliary fund until the assets of the plan are \* \* \* distributed to participants. This is a matter between the plan and its trustees and administrators, and is usually governed by the plan document. Accordingly, this Corporation neither permits nor prohibits the proposed surrendering of the insurance policies. It is hoped, however, that the wishes of [\*2] the insured participants will be considered before the policies are surrendered.

Henry Rose  
General Counsel