

Publications

Defined Benefit Plans: Distress and Involuntary Terminations

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A defined benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA) can be terminated only by following certain specific procedures set out in Title IV of ERISA. If the plan has enough money to pay all of the benefits that have been earned, it can be terminated in a standard termination. However, a plan that does not have enough assets to pay its liabilities can only be terminated in a distress or involuntary termination. The attached article describes:

Distress and involuntary terminations.

The requirements for each type of termination.

The effects on a plan sponsor of a distress termination.

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