

29 C.F.R. § 4022.7

Benefits payable in a lump sum.

(a) *Alternative benefit.* Except as provided in this part, PBGC pays benefits only in annuity form. If a benefit that is guaranteed under this part is payable in a lump sum or substantially so under the terms of the plan, including an option elected under the plan by the participant before plan trusteeship, PBGC will not guarantee the benefit in such form. Instead, PBGC will guarantee the alternative benefit, if any, in the plan which provides for the payment of equal periodic installments for the life of the recipient. If the plan does not provide such an annuity, PBGC will guarantee an actuarially equivalent life annuity.

(b) *Payment by PBGC—(1) Payment in lump sum.* Notwithstanding paragraph (a) of this section:

(i) *In general.* If the lump-sum value of a benefit (or of an estimated benefit) payable by PBGC and calculated as of the termination date does not exceed the dollar amount specified in section 203(e)(1) of ERISA in effect as of the termination date and the benefit is not yet in pay status as of the date PBGC becomes trustee, the benefit (or estimated benefit) may be paid in a lump sum.

(ii) *Annuity option.* If PBGC would otherwise make a lump-sum payment in accordance with paragraph (b)(1)(i) of this section and the monthly benefit (or the estimated monthly benefit) is equal to or greater than \$25 (at normal retirement age and in the normal form for an unmarried participant), PBGC will provide the option to receive the benefit in the form of an annuity.

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