

trades and the maritime industry, the employment relationship is very tenuous, frequently being limited to one construction job, voyage, or other undertaking. In other industries the employment relationship is more conventional. In either of these settings, it would be desirable to provide some measure of protection to the accrued pension benefits of the employee participants irrespective of whether the current employer or past employers continue to participate in the plan or continue in operation. The preferred arrangement would be for the plan to assume the primary responsibility for the payment of the benefits that would come under the guaranty, so long as the plan continues in operation, with the PGF providing the ultimate guaranty. There would have to be safeguards to protect the plan against abuse, and the contribution rate (or benefit levels) would have to reflect the anticipated cost of the internal guaranty.

A precedent for this type of approach is found in the national industrial group pension plan developed by the Industrial Union Department of the AFL-CIO and jointly underwritten by a number of life insurance companies. If an employer has participated in this plan for more than 3 years and terminates his participation for reasons beyond his control, the accrued benefits of his employees are assumed by the plan on a scale determined by designated priority classes and the number of years during which the employer participated in the plan. After only 3 years of employer participation, the benefits of all employees aged 60 or over with the equivalent of 10 years of credited service (10 "service units") are assumed in full by the plan. The benefits of employees under age 60 but with a minimum of 10 years of service are assumed by the plan on a scale graded upward from 30 percent with 3 years of employer participation in the plan to 100 percent after 10 years of employer participation. Employees aged 72 or over at the time of the employer's withdrawal from the plan who are at least 5 years beyond normal retirement age have their benefits assumed in full by the plan even though the employer participated for less than 3 years. (Apparently, the plan is prepared to assume ultimate responsibility for this class of employees the moment the employer enters into a "participation agreement" with the plan and fulfills its contributions commitment.)

In the absence of an internal guaranty arrangement, the PGF could assume ultimate responsibility for the payment of the covered benefits of employees whose employer withdraws from a multi-employer plan after a minimum period of participation and for reasons beyond his control. The employees would retain claims against the plan to the extent of the funds allocable to them, but the PGF would make good on any insufficiency of assets—despite the fact that the overall plan continues in operation. In other words, the employer's withdrawal from the plan be treated as a plan termination with respect to his employees. The guaranty should not be invoked if the employees' rights are preserved through membership in another plan or in the same plan through subsequent employment with another firm belonging to the plan. This approach would not be applicable to multi-employer plans in industries characterized by temporary employment relationships. In these cases, termination of the master plan would have to be the contingency that invokes the guaranty.