not only create complex problems of claim adjudication but would open the door to countless forms of abuse, possibly to the point of rendering the system inoperable. It would be almost impossible to define the insured event if various kinds of partial terminations were to be brought within the contemplated coverage. Many of the problems cited by critics of the guaranty fund proposal are centered in the concept of partial terminations. Exclusion of partial terminations would lessen to some degree the social utility of the system but if a reasonable level of vesting is brought about, whether by mandate or voluntary action, the employees in the greatest need of, and with the strongest claim to, the benefit guaranty will enjoy the protection of the system.

Not only should the guaranty be limited to complete plan terminations, it should be invoked only when the firm goes out of business. It would be grossly unfair to other employers, some of them competitors, if a firm could terminate its pension plan, transfer to the guaranty fund the responsibility for making good on the unfunded guaranteed benefits, and then continue in business, its competitive position improved by reduction in its labor costs. This would be comparable to having the Federal Deposit Insurance Corporation assume responsibility for losses to bank depositors while permitting the bank to continue in uninterrupted operation with no loss to itself or its stockholders. If the firm were sold to, or merged with, another company, the surviving company should be required to assume the accrued pension obligations of the acquired firm, at least to the extent they come under the aegis of the guaranty fund. The requirement would be deemed satisfied if the surviving company were to provide benefits under its plan to the former empolyees of the acquired company in an amount at least equal to the unfunded benefits of the plan of the liquidated company.

The lack of protection for benefit rights in terminated plans of employers who continue in business should be rectified by requiring the employer to continue funding contributions in respect of the benefits that would become the obligation of the guaranty fund in the event that the employer should go out of business. The funding would normally continue at the rate prescribed for going plans, but the administering agency should be given the authority to relax (or spread out) the funding contributions in the light of the financial situation of the employer. If the employer should go out of business before completing the funding schedule the unpaid amounts would not become a claim against his assets and the guaranty fund would assume full responsibility for the payment of the unfunded benefits entitled under the law to the guaranty. There would have to be provisions in the law designed to prevent the employer from avoiding his obligations by ostensibly going out of business and then reopening under another name or in another form. If the business were sold or merged, the continuing company would have to assume the funding commitment of the acquired firm. Likewise, if a plan is terminated in order to transfer the participants to another plan, new or existing, the continuing plan should assume the obligations of the old.

The foregoing principles would have to be modified in the case of multiemployer plans. Where more or less permanent employment relationships exist, the guaranty should become operative with respect