NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States* v. *Detroit Lumber Co.,* 200 U. S. 321, 337.

SUPREME COURT OF THE UNITED STATES

Syllabus

MILWAUKEE BREWERY WORKERS' PENSION PLAN *v.* JOS. SCHLITZ BREWING CO. ET AL.

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

No. 93–768. Argued December 5, 1994—Decided February 21, 1995

The Multiemployer Pension Plan Amendments Act of 1980 (MPPAA), 29 U. S. C. §§1381–1461, permits an employer withdrawing from an underfunded multiemployer pension plan to ``amortize'' the charge it is required to pay to cover its fair share of the plan's unfunded liabilities by making installment payments to the plan. Following the August 14, 1981, withdrawal of respondent Schlitz from petitioner multiemployer pension plan (the Plan), a dispute arose as to when, for purposes of calculating Schlitz's amortization schedule, interest began to accrue on the company's withdrawal charge. The Plan claimed that accrual began on the last day of the plan year preceding withdrawal, December 31, 1980, the ``valuation date'' as of which the withdrawal charge was determined. Schlitz, however, argued for January 1, 1982, the first day of the plan year following withdrawal. Under the Plan's reading, Schlitz's last annual installment would be substantially greater than it would under Schlitz's own reading. The District Court disagreed with Schlitz, but the Court of Appeals reversed.

Held: MPPAA calculates its installment schedule on the assumption that interest begins accruing on the first day of the plan year following withdrawal. Pp. 7–17.

(a) For computation purposes, §1399(c)(1)(A)(i)—which (the parties agree) governs this case and which authorizes an employer ``to amortize the [withdrawal] amount in . . . annual payments . . . , calculated as if the first payment were made on the first day of the plan year following the plan year in which the withdrawal occurs and as if each subsequent payment were made on the first day of each subsequent plan year''—causes interest to accrue over subsequent plan years, but not during

the withdrawal year itself. Although the statute does not mention interest directly, the word ``amortize'' assumes interest charges. However, the word does not indicate that interest accrues during the withdrawal year. One generally does not pay interest on a debt of the kind here at issue until that debt arises—*i.e.,* until its principal is outstanding. Under the statute, the withdrawing employer's debt does not arise at the end of the year preceding the year of withdrawal. Rather, §1399(c)(1)(A)(i)'s instruction to calculate payments as if the ``first payment'' were made on the ``first day'' of the year following withdrawal demonstrates that the debt must be treated as if it arose at that time. The Plan's contrary reading of the statute cannot be easily reconciled with statutory provisions permitting an employer to pay the amount owed in a lump sum and thereby avoid paying amortization interest, §1399(c)(4), and defining a withdrawing employer's basic liability without reference to interest during the withdrawal year, §§1381(b)(1), 1391. Pp. 8–11.

(b) The several arguments of the Plan and its *amici*—(1) that allowing a withdrawing employer to avoid interest during the withdrawal year works against the statute's basic objective of requiring the employer to pay a fair share of the plan's underfunding; (2) that the statute's language actually favors calculating interest from the last day of the plan year before withdrawal; and (3) that the legislative history demonstrates that Congress expressly rejected the idea of a ``funding gap'' between the valuation date at the end of the plan year before withdrawal and the beginning of the year following withdrawal —are not persuasive. Pp. 11–17.

3 F. 3d 994, affirmed.

BREYER, J., delivered the opinion for a unanimous Court.