

## PENSION RELIEF BILL IN RESPONSE TO CORONAVIRUS CRISIS

The U.S. House of Representatives has included pension relief provisions as part of a broader bill to address the current crisis resulting from COVID-19. The short summaries below provide short details of the relief.

### Single Employer Plans

- Delay of all required contributions due during 2020. These would not be required to be made until 1/1/2021, however, the extra deferral time must reflect the accumulation of effective interest (but no penalty interest) between original required date and the actual contribution date.
- Sponsors can elect to assume that the AFTAP in effect prior to 2020 is applicable for plan years that include some part of the year during 2020, providing some relief for restrictions that may apply under IRC Section 436.
- Starting in 2020, prior shortfall bases are eliminated and minimum contribution requirements are determined by amortizing funding shortfalls over 15 years, instead of the current 7-year requirement.
- Interest rate corridors will be narrowed, resulting in higher segment rates (lower calculated plan liabilities) beginning for 2020 and later—95% floor for 2020-2025, phasing down 5% per year until 70% is reached in 2030. The 25-year averages used to determine the corridors will be the greater of the actual average and 5%.
- Certain community newspaper plans will be allowed to amortize pre-relief liabilities over 30 years with the shortfall being measured using segment rates of 8%. Any future accruals will be measured using the US treasury yield curves.



There is no indication whether PBGC premium calculations will be affected by any of the proposed relief.

### Multiemployer Plans

- Enacts the low-interest loan program of the Butch-Lewis Act.
- Plans that have already had a benefit suspension under MPRA would receive loans large enough to restore any previously suspended benefits.
- The bill does not appear to contain any provisions for PBGC premium increases beyond the current inflation indexing as part of current law.

Please note that these are brief summaries provided upon quick review of the draft legislation. This is not intended to be a complete set of provisions and other impactful provisions may exist.

Over the past few days, we at Cowden have reached out to our Pennsylvania senators to advocate for provisions on behalf of our clients. We are proud to use all our connections to push for law changes that benefit our clients.

If you have any questions regarding these details, please reach out to your contact at Cowden anytime. We will continue to keep you aware of legislation as it progresses and any relief that becomes available.

For more information, contact the [Cowden team](#) and make sure to follow us:

