

February 11, 2021

Summary of the Butch Lewis Emergency Pension Plan Relief Act of 2021

While the House and Senate debate the various provisions of a proposed COVID relief bill, the multiemployer plan relief provisions in the House bill released two weeks ago have changed. Representative Richard Neal (D-MA), chairman of the Ways and Means Committee of the House, made alterations to his prior bill so that it would better accompany the COVID relief bill that intends to pass by a voting process that only requires a simple majority in the Senate and is filibuster-proof. At the time of this release, Democrats apparently have the votes to pass this bill in both the House and Senate.

This bill, known as the Butch Lewis Emergency Pension Plan Relief Act, will provide the much needed relief to the plans that are struggling financially, and do so without imposing a major burden on the rest of the multiemployer system. Primary provisions for multiemployer plans are as follows:

How Financially Struggling Plans and PBGC Will Be Helped

- Eligible plans will get money from PBGC (which gets it from the Federal Government) without requirement to repay to PBGC. Plans are required to apply to PBGC for financial assistance. The partition solution previously proposed is removed from this legislation.
 - An eligible plan is any of a) in Critical and Declining Status, b) previously approved for a benefit suspension under MPRA '14, c) in Critical Status, less than 40% funded on current liability basis (low interest rates), and has a ratio of active:inactive participants of less than 2:3, or d) insolvent.
 - Priority for approval from PBGC for financial assistance is given to plans projected insolvent within five years, are projected to need in excess of \$1B, or who have already had benefits suspended under MPRA.
 - Applications for financial assistance must be received by December 31, 2025.
 - Financial assistance must be invested in investment-grade bonds or other PBGC approved investments.

MPRA Benefit Suspensions

- If a plan receives financial assistance, it must reinstate previously suspended benefits under MPRA, and make whole any retirees who had their benefits reduced under a suspension.

PBGC Premiums

- Current provisions with inflation index; then starting in 2031, the premium would be \$52/person with inflation index for following years.

Short-term Relief

- Zone status for plan years starting between 3/1/2020 and 2/28/2021 can elect to keep status from prior year.
- Extended amortization for extraordinary losses, similar to what was done with the 2008/2009 investment losses, however, these provisions are unlikely to benefit many Funds and come with restrictions on benefit improvements if these relief provisions are utilized.

Other provisions of the bill exist and may have a relevant impact on your plan. Please contact Brad Rigby at Cowden for more information.



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