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SUMMARY COMPARISON OF CURRENT LAW AND THE PRINCIPAL PROVISIONS OF THE PENSION PROTECTION ACT OF 2006:[1] MULTIEMPLOYER PENSION FUNDING REFORMS

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[1] This chart generally summarizes the multiemployer funding reforms included in the Pension Protection Act of 2006 (Pub. Law No. 109-280, 120 Stat. 780); H.R. 4. The single-employer pension funding reforms, cash balance provisions, fiduciary and prohibited transaction provisions, changes affecting defined contribution plans, IRAs, governmental and tax-exempt employer plans, and other miscellaneous provisions are included in separate charts.

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MINIMUM REQUIRED CONTRIBUTIONS

	Current Law	The Pension Protection Act of 2006 (the "Act")
In General	Under the ERISA funding rules, the minimum required contribution for a multiemployer plan is the amount required to balance all "charges" (e.g., to amortize increases in past service liabilities, net experience losses, etc.) and "credits" (e.g., to amortize net experience gains) to the funding standard account ("FSA"). If charges to the FSA exceed credits for a plan year, an accumulated funding deficiency occurs. If so, a minimum contribution is required to avoid the accumulated funding deficiency excise tax of 5 percent, which increases to 100 percent if sufficient contributions to eliminate the funding deficiency are not made within a certain period. Multiemployer plans are not subject to the deficit reduction contribution ("DRC") rules.	In general, the amortization periods for net increases or decreases in unfunded past service liability and for net gains or losses from changes in actuarial assumptions are shortened to 15 years. A plan amendment increasing unfunded past service liability through an increase in benefits that is not payable as a life annuity, but is payable under the terms of the plan over no more than 14 years from the effective date of the amendment (e.g., a 13^{th} check), is amortized over the period over which the benefits are paid.
Amortization Extensions	At the discretion of the Secretary of Treasury and based upon certain standards, amortization periods may be extended for up to 10 additional years. For multiemployer plans, the applicable interest rate for the extension of amortization periods is the Federal short-term rate.	If (i) a multiemployer plan is facing a funding deficiency within 10 years, (ii) the plan sponsor has adopted a program to improve plan funding, and (iii) certain solvency and notice requirements are satisfied, the amortization period for unfunded liabilities and losses is automatically extended for up to 5 additional years. An additional extension of up to 5 years is available at IRS's discretion, based on current-law standards. The IRS is required to act upon the application for such an extension within 180 days and, if the application is rejected, the IRS must provide specific reasons for the rejection. The special interest rate is eliminated and the applicable interest rate for extensions of amortization periods is the plan's rate.

	Current Law	**The Pension Protection Act of 2006 (the "Act")**
		The current law rules, including the use of the Federal short-term rate, remains in effect with respect to extensions (and modifications thereof) applied for by June 30, 2005.
Controlled Group Liability for Required Contributions	Liability for minimum required contributions to a multiemployer plan does not apply on a controlled group basis.	Liability for minimum required contributions applies on a controlled group basis (i.e., all members of a contributing employer's controlled group are jointly and severally liable for minimum required contributions to a multiemployer plan).
Actuarial Assumptions	In applying the ERISA funding rules, all costs, liabilities, interest rates, and other factors under a plan must be determined using actuarial assumptions and methods each of which is reasonable or, alternatively, which are reasonable in the aggregate. Such actuarial assumptions must be based on the actuary's best estimate of the plan's anticipated experience.	The actuarial costs and liabilities must be determined using actuarial assumptions and methods, each of which is reasonable and that, in combination, offer the actuary's best estimate of anticipated experience for the plan.
Shortfall Funding Method	In general, a multiemployer plan may elect to use the shortfall funding method, at the IRS's discretion, to compute net charges to the funding standard account ("FSA") on the basis of estimated units of service or production. The shortfall gain or loss must be amortized over subsequent plan years.	In general, a multiemployer plan can go on or off the shortfall method without IRS permission if the plan has not used the shortfall method or an amortization period extension during the preceding 5-year period. Plans using the automatic shortfall method may not be amended to increase benefits, unless IRS determines the amendment is *de minimis* or required to preserve tax qualification.

ADDITIONAL FUNDING RULES FOR PLANS IN ENDANGERED OR CRITICAL STATUS

	Current Law	**The Pension Protection Act of 2006 (the "Act")**
In General	A plan that has an accumulated funding deficiency must make a minimum required contribution to satisfy the funding deficiency. If the minimum required contribution is not made, an excise tax of 5 percent applies. The excise tax increases to 100 percent if sufficient contributions to eliminate the funding deficiency are not made within a certain period.	Additional funding rules and restrictions apply to multiemployer plans in effect on July 16, 2006 that are in "endangered" or "critical" status. A plan in endangered status must adopt and comply with a funding improvement plan. A plan in critical status must adopt and comply with a rehabilitation plan. In the case of a plan in critical status, employers are relieved of liability for minimum required contributions and excise taxes under the minimum required contribution rules, provided the plan adopts and complies with the rehabilitation plan. The additional funding rules for plans in endangered and critical status are generally effective in 2008, subject to a special sunset provision (discussed below).

RULES APPLICABLE TO PLANS IN ENDANGERED STATUS

	Current Law	The Pension Protection Act of 2006 (the "Act")
Triggers of Endangered Status	No provision.	A plan is in endangered status if the plan is not in critical status and (i) the plan's funded percentage is less than 80 percent, or (ii) the plan has an accumulated funding deficiency for the current year or is projected to have an accumulated funding deficiency for any of the 6 succeeding years, taking into account any extension of amortization periods. A multiemployer plan that meets both criteria is considered "seriously endangered."
Certification of Endanger-ed Status	No provision.	Within 90 days of the start of each plan year, the plan's actuary must certify to Treasury and the plan sponsor whether the plan is in endangered (or critical) status for the year. If a multiemployer plan has a funding improvement plan (discussed below) in place, the plan's actuary must certify whether the plan is making the scheduled progress in meeting the requirements of the funding improvement plan. In making its determination, the plan's actuary must make projections for the current and succeeding plan years of the actuarial value of the plan's assets and the present value of accrued liabilities as of the beginning of the year. Such projections must be based on reasonable actuarial estimates, assumptions, and methods that offer the actuary's best estimate of anticipated experience under the plan. The projected present value of liabilities is determined based upon (i) the most recent actuarial statement filed with the most recent annual report, or (ii) the actuarial valuation for the preceding plan year. Any projection of activity in the industry or industries covered by the plan, including future covered

	Current Law	The Pension Protection Act of 2006 (the "Act")
		employment and contribution levels, is based upon information provided reasonably and in good faith by the plan sponsor. The actuary's projection must assume reasonably anticipated employer contributions for the current and succeeding years, assuming that the terms of the collective bargaining agreements to which the plan is maintained remain in effect for the succeeding years. Alternatively, the actuary must assume that employer contributions for the most recent plan year will continue indefinitely, but only if the actuary determines that there have been no significant demographic changes that would make the assumptions unreasonable. Failure of the actuary to certify the status of the plan by the due date will result in a penalty of up to $1,100 per day.
Notice of Endangered Status	No provision.	No later than 30 days after the date of certification, the plan sponsor must provide notice of the plan's endangered status to (i) participants and beneficiaries, (ii) bargaining parties, (iii) the PBGC, and (iv) the DOL.
Funding Improvement Plan and Schedules	No provision.	If a plan is in endangered status, the plan sponsor must adopt a funding improvement plan within 240 days after the required date for the certification of endangered status. The funding improvement plan must include actions, including options or a range of options to be proposed to the bargaining parties, formulated to provide, based on reasonable anticipated experience and reasonable actuarial assumptions, for the attainment of the applicable benchmarks during the funding improvement period.

	Current Law	The Pension Protection Act of 2006 (the "Act")
		Within 30 days after the adoption of the funding improvement plan, the plan sponsor must provide the bargaining parties with one or more schedules showing revised benefit structures, revised contribution structures, or both, which, if adopted, would reasonably be expected to enable the plan to meet the applicable benchmarks in accordance with the funding improvement plan, including (i) one schedule providing for reductions in the amount of future benefit accruals necessary to achieve the applicable benchmarks, assuming no increase in contributions other than increases necessary to achieve the applicable benchmarks after amendments have reduced future benefit accruals to the maximum extent permitted by law (this is the "default" schedule, discussed below), and (ii) one schedule providing for increases in contributions necessary to achieve the applicable benchmarks, assuming no amendments reducing future benefit accruals. The plan sponsor may also provide the bargaining parties with additional information as it deems appropriate. The plan sponsor must annually update the funding improvement plan and file the update with the plan's annual report. In addition, the plan sponsor must annually update the schedules of contribution rates to reflect the experience of the plan. A schedule relied upon by the bargaining parties in negotiating a collective bargaining agreement remains in effect for the duration of the collective bargaining agreement.

	Current Law	The Pension Protection Act of 2006 (the "Act")
Funding Improvement Period	No provision.	The funding improvement period is the 10-year period (15 years for certain seriously endangered plans) beginning on the first day of the first plan year beginning after the earlier of (i) the second anniversary of the adoption of the funding improvement plan, or (ii) the expiration of the collective bargaining agreements that were in effect on the due date for certification of endangered status for the initial year and covering, as of such date, at least 75 percent of the plan's active participants. The funding improvement period ends when the plan is no longer in endangered status or the plan enters critical status. In general, if a multiemployer plan continues to be endangered after the funding improvement period, the plan must adopt a new funding improvement plan within the 240-day period discussed above, and the plan may not be amended in a manner inconsistent with the old funding improvement plan until a new funding improvement plan is adopted.
Imposition of Default Schedule	No provision.	If a collective bargaining agreement providing for contributions under a multiemployer plan that was in effect at the time the plan entered endangered status expires and, after receiving schedules from the plan sponsor, the bargaining parties fail to agree on changes to contribution or benefit schedules necessary to meet the applicable benchmarks in accordance with the funding improvement plan, the plan sponsor must implement the default schedule (discussed above) on the earlier of the date (i) on which the DOL certifies that the parties are at an impasse, or (ii) which is 180 days after the date on which the collective bargaining agreement expires.

	Current Law	**The Pension Protection Act of 2006 (the "Act")**
Benchmarks	No provision.	In general, the funding improvement plan must be formulated to (i) provide for the reduction of the percentage of the plan's underfunding by 1/3, and (ii) avoid any accumulated funding deficiency for any plan year during the funding improvement period (taking into account any amortization extension). For a seriously endangered plan with a funded percentage of 70 percent or less, the funding improvement plan must be formulated to provide for the reduction of the percentage of the plan's underfunding by 1/5. For such plans, the funding improvement period is 15 years. For a seriously endangered plan with a funded percentage of more than 70 percent, the 1/5 and 15-year benchmarks apply for plan years beginning on or before the date on which the last of the collective bargaining agreements in effect on the date for actuarial certification for the initial year of endangered status and covering at least 75 percent of active employees in the multiemployer plan have expired, if the plan actuary certifies within 30 days after the certification of endangered status for the initial year that the plan is not projected to meet the 1/3 over 10 year requirement. For subsequent years, if the plan actuary certifies (as part of the annual certification and based on the terms of the current plan and collective bargaining agreements) that the plan is not projected to be able to meet the 1/3 over 10 year requirement, then the 1/5 over 15 year benchmarks continue to apply.

	Current Law	**The Pension Protection Act of 2006 (the "Act")**
Restrictions Beginning Before Adoption of Funding Improvement Plan	No provision.	Beginning on the date of certification of endangered status and pending adoption of the funding improvement plan (the "plan adoption period"), a plan sponsor may not accept a collective bargaining agreement that provides for (i) a reduction in contribution rates, (ii) a funding holiday, or (iii) the exclusion of new hires. In addition, during such period, the multiemployer plan cannot be amended to increase benefits, unless the amendment is required as a condition of tax qualification. In the case of a seriously endangered plan, the plan sponsor must take all reasonable actions during this plan adoption period that, consistent with the plan terms and applicable law, are expected to achieve an increase in the plan's funded percentage and a postponement of an accumulated funding deficiency for at least 1 additional plan year. This may include applications for amortization extensions, the use of the shortfall funding method, reductions in future benefit accruals, and other reasonable actions.
Restrictions After Adoption of Funding Improvement Plan	No provision.	Upon the adoption of a funding improvement plan, a multiemployer plan cannot be amended to be inconsistent with the funding improvement plan. The plan sponsor may not accept a collective bargaining agreement that provides for (i) a reduction in contribution rates, (ii) a funding holiday, or (iii) the exclusion of new hires. The plan also may not be amended to increase benefits, unless that plan's actuary certifies that the benefit increase is consistent with the funding improvement plan and is funded through contributions not required by the funding improvement plan to meet the applicable benchmarks in accordance with the schedule contemplated in the funding improvement plan.

	Current Law	The Pension Protection Act of 2006 (the "Act")
Penalties for Noncompli-ance	No provision.	If the plan sponsor fails to adopt a funding improvement plan by the 240-day deadline, the DOL may assess a civil penalty of up to $1,100 per day on the sponsor. If a contributing employer fails to timely make contributions to the multiemployer plan in accordance with the funding improvement plan, an excise tax applies that is equal to the amount of the required contribution that the employer failed to make. In the case of a multiemployer plan that is in endangered status, but is not in seriously endangered status, and the plan fails to meet the applicable benchmarks by the end of the funding improvement period, a civil penalty of up to $1,100 per day applies to the plan sponsor. In the case of a seriously endangered plan that fails to meet the applicable benchmarks by the end of the funding improvement period, an excise tax is imposed on contributing employers based on the greater of (i) the amount of the contributions necessary to meet the benchmarks, or (ii) the plan's accumulated funding deficiency (if any). The Secretary of Treasury may waive the excise taxes for failure to make required contributions and/or failure of a seriously endangered plan to meet the applicable benchmarks if such failure is due to reasonable cause and not to willful neglect.

RULES APPLICABLE TO PLANS IN CRITICAL STATUS

	Current Law	The Pension Protection Act of 2006 (the "Act")
Triggers of Critical Status	No provision.	A plan is in critical status if: • The funded percentage of the plan is less than 65 percent and the sum of the value of the plan's assets and the present value of the reasonably anticipated employer contributions for the current and 6 succeeding years (assuming that the collective bargaining agreements for the current year remain in effect for the succeeding years) is less than the present value of all vested benefits projected to be payable during the current and 6 succeeding plan years (plus administrative expenses); • The plan has an accumulated funding deficiency for the current plan year (not taking into account any amortization extension), or is projected to have an accumulated funding deficiency for any of the 3 succeeding plan years (not taking into account any amortization extension); • The funded percentage of the plan is 65 percent or less and the plan (i) has an accumulated funding deficiency for the current plan year (not taking into account any amortization extension) or (ii) is projected to have an accumulated funding deficiency for any of the 4 succeeding plan years (not taking into account any amortization extension); • (i) The plan's normal cost for the current plan year, plus interest for the current plan year on the amount of unfunded benefit liabilities under the plan as of the last day of the preceding year, exceeds the present value of the reasonably

	Current Law	The Pension Protection Act of 2006 (the "Act")
		anticipated employer and employee contributions for the current plan year, (ii) as of the beginning of the year, the present value of vested benefits of inactive participants is greater than the present value of vested benefits of active participants, and (iii) the plan has an accumulated funding deficiency for the current plan year or any of the 4 succeeding plan years (not taking into account any amortization extension); or • The sum of the value of the plan's assets and the present value of the reasonably anticipated employer contributions for the current and 4 succeeding plan years (assuming that the collective bargaining agreements for the current year remain in effect for the succeeding years), is less than the present value of all benefits projected to be payable under the plan during the current and 4 succeeding plan years (plus administrative expenses).
Certification of Critical Status	No provision.	Within 90 days of the start of each plan year, the plan's actuary must certify to Treasury and the plan sponsor whether the plan is in critical (or endangered) status for the year. If a multiemployer plan has a rehabilitation plan (discussed below) in place, the plan's actuary must certify whether the plan is making the scheduled progress in meeting the requirements of the rehabilitation plan. In making its determination, the plan's actuary must make projections for the current and succeeding plan years of the current value of the plan's assets and the present value of liabilities as of the beginning of the year. Such projections must be based on reasonable actuarial estimates, assumptions, and methods that

	Current Law	**The Pension Protection Act of 2006 (the "Act")**
		offer the actuary's best estimate of anticipated experience under the plan. The projected present value of liabilities is determined based upon (i) the most recent actuarial statement filed with the most recent annual report, or (ii) the actuarial valuation for the preceding plan year. Any projection of activity in the industry or industries covered by the plan, including future covered employment and contribution levels, is based upon information provided reasonably and in good faith by the plan sponsor. The actuary's projection must assume reasonably anticipated employer contributions for the current and succeeding years, assuming that the terms of the collective bargaining agreements to which the plan is maintained remain in effect for the succeeding years. Alternatively, the actuary must assume that employer contributions for the most recent plan year will continue indefinitely, but only if the actuary determines that there have been no significant demographic changes that would make the assumptions unreasonable. Failure of the actuary to certify the status of the plan will result in a penalty of up to $1,100 per day.
Notice of Critical Status	No provision.	No later than 30 days after the date of certification, the plan sponsor must provide notice of the plan's critical status to (i) participants and beneficiaries, (ii) bargaining parties, (iii) the PBGC, and (iv) the DOL. The sponsor must include in the notice an explanation of the possibility that "adjustable benefits" (described below) may be reduced and such reductions may apply to participants and beneficiaries whose benefit commencement date is on or after the

	Current Law	The Pension Protection Act of 2006 (the "Act")
		date such notice is provided for the first plan year of critical status.
Rehabilitation Plan and Schedules	No provision.	If a plan is in critical status, the plan sponsor must adopt a rehabilitation plan within 240 days after the required date for the certification of critical status. Within 30 days after the adoption of the rehabilitation plan, the plan sponsor must provide the bargaining parties with one or more schedules showing revised benefit structures, revised contribution structures, or both, which, if adopted, would reasonably be expected to enable the multiemployer plan to emerge from critical status in accordance with the rehabilitation plan. These schedules must reflect reductions in future benefit accruals and adjustable benefits and increases in contributions that the plan sponsor determines are reasonably necessary to enable the plan to emerge from critical status. One schedule, designated as the "default" schedule (discussed below), must assume that there are no increases in contributions other than the increases necessary to emerge from critical status after future benefit accruals and other benefits have been reduced to the maximum extent permitted under the law. The plan sponsor may also provide the bargaining parties with additional information as it deems appropriate. A rehabilitation plan must include actions, including options or ranges of options to be proposed to the bargaining parties, formulated, based on reasonably anticipated experience and reasonable actuarial assumptions, to enable the plan to cease to be in critical status by the end of the rehabilitation period. The rehabilitation plan may include reductions in plan expenditures (including plan mergers), reductions in future benefit accruals, or

	Current Law	The Pension Protection Act of 2006 (the "Act")
		increases in contributions (if agreed to by the bargaining parties) or any combination thereof. If the plan sponsor determines that, based on reasonable actuarial assumptions and upon exhaustion of all reasonable measures, the plan cannot reasonably be expected to emerge from critical status by the end of the rehabilitation period, the rehabilitation plan must include reasonable measures to enable the plan to emerge from critical status at a later date or to forestall possible insolvency. The rehabilitation plan must include annual standards for meeting the requirements of the rehabilitation plan, the schedules provided to the bargaining parties, and, if the plan cannot reasonably be expected to emerge from critical status by the end of the rehabilitation period, an explanation of the reasons why and the alternatives considered, and a projection of when the plan is expected to emerge from critical status (if ever). The plan sponsor must annually update the rehabilitation plan and file the update with the plan's annual report. In addition, the plan sponsor must annually update any schedule of contribution rates to reflect the experience of the plan. Any schedule relied upon by the bargaining parties in negotiating a collective bargaining agreement must remain in effect for the duration of the collective bargaining agreement.
Rehabilitation Period	No provision.	The rehabilitation period is the 10-year period beginning on the first day of the first plan year following the earlier of (i) the second anniversary of the adoption of the rehabilitation plan, or (ii) the expiration of the collective bargaining agreements that were in effect on the due date for the certification of critical status for the initial year and covering, as of such date, at least 75 percent of the plan's active participants. The rehabilitation period ends if

	Current Law	The Pension Protection Act of 2006 (the "Act")
		the plan emerges from critical status. A plan in critical status does not emerge from such status until the plan's actuary certifies that the plan is not projected to have an accumulated funding deficiency for the current and 9 succeeding plan years (taking into account any extension of amortization periods, but not taking into account the use of the shortfall method).
Imposition of Default Schedule	No provision.	If a collective bargaining agreement providing for contributions under a multiemployer plan that was in effect at the time the plan entered critical status expires, and, after receiving one or more schedules from the plan sponsor, the bargaining parties fail to adopt a contribution or benefits schedule consistent with the rehabilitation plan and proposed schedules, the plan sponsor must implement the default schedule on the earlier of the date (i) on which the DOL certifies that the parties are at an impasse, or (ii) which is 180 days after the date on which the collective bargaining agreement expires.
Surcharges	No provision.	Each employer otherwise obligated to make contributions to a multiemployer plan for the initial year it is in critical status is required to make additional contributions to the plan (known as "surcharges") beginning in the year the plan enters critical status and ending on the effective date of a collective bargaining agreement that includes terms consistent with the schedule(s) provided by the plan sponsor. The surcharge applies 30 days after a contributing employer is notified by the plan sponsor that the plan is in critical status and that the surcharge is in effect. For the first plan year, the surcharge is equal to 5 percent of the contributions the employer is otherwise required to make under

	Current Law	The Pension Protection Act of 2006 (the "Act")
		the applicable collective bargaining (or other) agreement. Thereafter, the surcharge increases to 10 percent. Surcharges must be paid on the same schedule as the contributions on which the surcharges are based. Failure to pay the surcharges is treated as a delinquent contribution and is enforceable as such. The amount of the surcharge is not the basis for any benefit accrual under the plan. Surcharges are disregarded in determining an employer's share of a plan's unfunded vested benefits for withdrawal liability purposes, except under the "direct attribution method."
Adjustable Benefits	No provision.	Notwithstanding the anti-cutback rules, the plan sponsor may make reductions in adjustable benefits that the plan sponsor deems appropriate based upon the outcome of collective bargaining over the schedule(s) provided to the bargaining parties. Adjustable benefits means (i) benefits, rights, and features under the plan, including post-retirement death benefits, 60-month guarantees, disability benefits not yet in pay status, and similar benefits, (ii) any early retirement benefit or retirement-type subsidy and any benefit payment option (other than the qualified joint and survivor annuity), and (iii) benefit increases that would not be eligible for PBGC guarantee on the first day the plan entered critical status because the increases were adopted (or, if later, took effect) less than 60 months before such first day. Except for such recent benefit increases, a plan may not reduce the level of a participant's accrued benefit payable at normal retirement age. In addition, except for such recent benefit increases, the plan sponsor may not reduce the adjustable benefits of any participant or beneficiary whose benefit commencement date is before the date on which the

	Current Law	The Pension Protection Act of 2006 (the "Act")
		plan provides notice to the participant or beneficiary that the plan is in critical status for the initial year and that benefits may be reduced. Notice of any reduction of adjustable benefits must be provided to (i) plan participants and beneficiaries, (ii) contributing employers, and (iii) unions representing such participants, at least 30 days before the generally effective date of such reductions. The notice must include, among other things, information so that participants and beneficiaries can understand the effect of the reduction, the participants' rights and remedies, and contact information for the DOL for further information and assistance. Benefits may not be reduced unless the notice is provided. The DOL is directed to establish a model notice. The plan sponsor must include in the schedules provided to the bargaining parties an allowance for the funding of benefits of participants with respect to whom contributions are not currently required to be made and shall reduce their benefits to the extent permitted under the Code and ERISA and considered appropriate based on the plan's current overall funding status. Any benefit reductions are disregarded in determining a plan's unfunded vested benefits for purposes of determining an employer's withdrawal liability.
Reduction In the Rate of Future Benefit Accruals	No provision.	Any reduction in the rate of future benefit accruals under the default schedule may not reduce the rate of accruals below the lower of (i) the accrual rate under the plan on the first day the plan enters critical status, or (ii) a monthly benefit (payable as a single life annuity commencing at the participant's normal retirement

	Current Law	The Pension Protection Act of 2006 (the "Act")
		age) equal to 1 percent of the contributions required to be made with respect to a participant or the "equivalent standard accrual rate" for a participant or group of participants under the collective bargaining agreements in effect as of the first day the multiemployer plan enters critical status. The equivalent standard accrual rate is based on the standard or average contribution base units that the plan sponsor determines to be representative for active participants and such other factors as the plan sponsor determines to be relevant.
Restrictions Beginning Before Adoption of Rehabilitation Plan	No provision.	Beginning on the date of certification of critical status and pending adoption of the rehabilitation plan (the "plan adoption period"), a plan sponsor may not accept a collective bargaining agreement that provides for (i) a reduction in contribution rates, (ii) a funding holiday, or (iii) the exclusion of new hires. In addition, during such period, the multiemployer plan cannot be amended to (i) increase benefits, unless the amendment is required as a condition of tax qualification. Effective on the date the notification of the certification of critical status is sent, the plan may not pay lump sum or other similar benefits. This restriction does not apply to make-up payments or if a participant's account balance is $5,000 or less.
Restrictions After Adoption of Rehabilitation Plan	No provision.	Upon adoption of a rehabilitation plan, a multiemployer plan cannot be amended to be inconsistent with the rehabilitation plan. In addition, the plan may not be amended to increase benefits (including increasing future accruals) unless the plan's actuary certifies that the benefit increase is funded through additional contributions not required by the rehabilitation plan, and, after

	Current Law	The Pension Protection Act of 2006 (the "Act")
		taking into account the benefit increase, the multiemployer plan still is reasonably expected to emerge from critical status by the end of the rehabilitation period on the schedule set forth in the rehabilitation plan.
Penalties For Noncompli- ance	No provision.	If the plan sponsor fails to adopt a rehabilitation plan by the 240-day deadline, the DOL may assess a civil penalty of up to $1,100 per day on the plan sponsor. In addition, upon the failure of the plan to timely adopt a rehabilitation plan, an excise tax is imposed on the plan sponsor equal to the greater of (i) $1,100 per day, or (ii) the present law excise tax for the plan's accumulated funding deficiency (if any). If an employer fails to timely make contributions to the multiemployer plan in accordance with the rehabilitation plan, an excise tax applies that is equal to the amount of the required contribution that the employer failed to make. If a multiemployer plan in critical status fails to emerge from critical status (or otherwise comply with the rehabilitation plan requirements) by the end of the rehabilitation period or fails to make scheduled progress in meeting the requirements of the rehabilitation plan for 3 consecutive years, the present-law excise tax (5 percent or, if not corrected, 100 percent) is imposed on contributing employers based on the greater of (i) the amount of the contributions necessary to emerge from critical status or make scheduled progress, or (ii) the plan's accumulated funding deficiency (if any). The Secretary of Treasury may waive the excise taxes for failure to make required contributions and/or failure to emerge from

	Current Law	The Pension Protection Act of 2006 (the "Act")
		critical status or make scheduled progress in meeting the requirements of the rehabilitation plan if such failure is due to reasonable cause and not to willful neglect. Note, if a multiemployer plan in critical status adopts and complies with a rehabilitation plan, contributing employers are not liable for contributions and excise taxes that would otherwise be required under the minimum required contribution rules in the case of an accumulated funding deficiency.

GENERAL PROVISIONS APPLICABLE TO PLANS IN ENDANGERED OR CRITICAL STATUS

	Current Law	**The Pension Protection Act of 2006 (the "Act")**
Dispute Resolution Procedures	No provision.	If, within 60 days of the due date for the adoption of a funding improvement or rehabilitation plan, the plan sponsor has not agreed on a funding improvement or rehabilitation plan, any member of the board of trustees that constitutes the plan sponsor may require the plan sponsor to enter into an expedited dispute resolution procedure for the development and adoption of a funding improvement or rehabilitation plan.
Cause of Action to Compel Adoption of Funding Improvement or Rehabilitation Plan	No provision.	If a funding improvement or rehabilitation plan is not adopted by the 240-day deadline or the plan sponsor fails to update or comply with the terms of the funding improvement or rehabilitation plan, a cause of action may be brought by a contributing employer or a union representing active participants in the plan to compel the plan sponsor to adopt a funding improvement or rehabilitation plan or to update or comply with the terms of the funding improvement or rehabilitation plan.
Non-Bargained Participation	No provision.	In the case of an employer that contributes to a multiemployer plan with respect to both employees who are covered by one or more collective bargaining agreements and employees who are not so covered, if the plan is in endangered or critical status, benefits of and contributions for non-bargained employees (including surcharges) are determined as if those non-bargained employees were covered under the first to expire of the employer's collective bargaining agreements in effect when the plan entered endangered

	Current Law	The Pension Protection Act of 2006 (the "Act")
		or critical status. In the case of an employer that contributes to a multiemployer plan only with respect to employees who are not covered by a collective bargaining agreement, the rules relating to plans in endangered and/or critical status apply as if the employer were the bargaining party, and its participation agreement was a collective bargaining agreement with a term ending on the first day of the plan year beginning after the employer is provided the schedule(s) set forth in the funding improvement or rehabilitation plan.
Restored Benefits	No provision.	In the case of benefits that were reduced pursuant to a plan amendment adopted on or after January 1, 2002 and before June 30, 2005, if, pursuant to the plan document, trust agreement, or a formal written communication from the plan sponsor to participants provided before June 30, 2005, such benefits were restored, the rules applicable to endangered and critical status plans do not apply to such benefit restorations to the extent that any restriction on the providing or accrual of such benefits would otherwise apply by reason of such rules.

DEDUCTIBLE AMOUNTS

	Current Law	The Pension Protection Act of 2006 (the "Act")
Deductible Limit	Plan sponsors of a defined benefit plan generally may deduct the greater of: • the amount necessary to satisfy the minimum funding requirement for the year; or • the sum of the plan's normal cost for the year plus the amount necessary to amortize certain unfunded liabilities over 10 years. The deductible limit, however, may not exceed the "full funding limit" for the year. The maximum deductible amount is not less than the plan's unfunded current liability.	Same as current law, except for years beginning after 2005 the maximum deductible amount is not less than 140 percent of the plan's unfunded current liability.
Combined Plan Deduction Limit	The deductible limit for an employer sponsoring both a defined contribution and defined benefit plan that benefit one or more of the same employees is generally limited by an overall limit equal to the greater of: • 25 percent of compensation otherwise paid or accrued during the plan year; or • the contribution necessary to meet the minimum funding requirements, but not less than the amount of the plan's unfunded current liability. Elective deferrals are generally not taken into account for purposes of the determining the combined deductible limit.	For years beginning after 2005, contributions to a multiemployer plan are not taken into account in applying the combined plan deduction limit.

DISCLOSURE

	Current Law	The Pension Protection Act of 2006 (the "Act")
Notice of Endangered or Critical Status	No provision.	As discussed above, the plan sponsor of a multiemployer plan certified to be in endangered or critical status for a plan year must provide notice to (i) participants and beneficiaries, (ii) the bargaining parties, and (iii) the PBGC, and (iv) the DOL, no later than 30 days after the date of the certification. If a plan is certified to be in critical status, the plan sponsor must include with the notice an explanation of the possibility that (i) adjustable benefits may be reduced, and (ii) the reduction may apply to participants and beneficiaries whose benefit commencement date is on or after the date the notice is provided for the first plan year in which the plan is in critical status. Also, a summary of the funding improvement plan (for plans in endangered status) or the rehabilitation plan (for plans in critical status) must be provided in the annual funding notice and with the plan's annual report (described below).
Plan Funding Notice	In general, multiemployer plans must provide (i) participants and beneficiaries, (ii) contributing employers, (iii) unions representing covered participants, and (iv) the PBGC, an annual funding notice that, among other things, includes information regarding the plan's funded current liability percentage and a comparison of the plan's assets to benefit payments. Generally, the notice must be provided within 9 months after the close of the plan year unless the due date for the annual report is extended.	For plan years beginning after 2007, the plan sponsor of a multiemployer plan (and single-employer plan) must provide an annual funding notice within 120 days after close of plan year. Among other things, the funding notice provided by multiemployer plans must include: • a statement as to whether the funded percentage for the current and 2 preceding plan years is at least 100 percent and, if not, the actual percentages; • the value of plan assets and liabilities for the current and two

	Current Law	The Pension Protection Act of 2006 (the "Act")
		preceding plan years; • the plan's funding policy and asset allocation percentages; • the number of active, retired in pay status, and deferred vested participants; • if the plan is in endangered or critical status, a summary of the funding improvement or rehabilitation plan and how a person, upon request, may obtain a copy of the funding improvement or rehabilitation plan and the actuarial and financial data that demonstrate any action taken by the plan toward fiscal improvement; and • in the case of a change in benefits or other "known event" that will have a material effect on plan assets or liabilities, an explanation and projection of the change and its impact on plan liabilities.
Form 5500 Annual Reports	Defined benefit plans must annually file a Form 5500, which generally must include an actuarial statement ("Schedule B"). Generally, the Form 5500 is due 210 days after the end of the plan year (i.e., July 31st for a calendar year plan), but an automatic 2-1/2 month extension is permitted (i.e., October 15 for a calendar year plan).	A Form 5500 filed by a multiemployer plan must include: • the number of contributing employers; • a list of employers that contributed more than 5 percent of the total contributions for the year; • the number of participants on whose behalf no employer contributions were made for the current year and 2 preceding years; • the ratio of participants with no employer contribution in the current year compared to participants with no employer contribution for the 2 preceding years;

	Current Law	The Pension Protection Act of 2006 (the "Act")
		• whether the plan received an amortization extension and, if so, the resulting reduction in contributions; • whether the plan used the shortfall method and, if so, the resulting reduction in contributions; • whether the plan was in critical or endangered status, and if so, a summary of the funding improvement or rehabilitation plan and the plan's funded percentage; • the number of employer withdrawals and total withdrawal liability assessed; and • the pre-merger actuarial value of assets and liabilities of any plans that have been merged (or to which transfers have occurred). Basic plan and actuarial information in the annual report must be displayed on the DOL's web site (within 90 days after the Form 5500 is filed) and also on any Intranet website maintained by the plan sponsor in accordance with DOL regulations. Much of this information must also be contained in a summary report provided to contributing employers and unions within 30 days of the due date for filing the Form 5500.
Summary Annual Report	Plans must annually provide a summary annual report ("SAR") to participants within 2 months after the due date of the annual report.	Defined benefit plans subject to Title IV of ERISA are no longer required to provide SARs to participants.

	Current Law	The Pension Protection Act of 2006 (the "Act")
Information Available Upon Request	No provision.	Upon written request, a multiemployer plan must, within 30 days of the request, provide a participant, beneficiary, contributing employer, or union representing participants with: • a copy of any periodic actuarial report (including sensitivity testing) that the plan has had for at least 30 days; • a copy of any quarterly, semi-annual, or annual financial report that the plan has had for at least 30 days; and • a copy of any application for an amortization extension filed with the IRS and the result of the application. Individually identifiable information or proprietary information cannot be disclosed. Upon written request, a multiemployer plan is required to furnish a contributing employer with the estimated amount of its withdrawal liability if it withdrew on the last day of the preceding plan year, along with an explanation of, and underlying actuarial assumptions and data for, the withdrawal liability estimate, showing, among other things, the application of any relevant limitations on the estimated withdrawal liability. Any such report or notice does not have to be provided more than once in any 12-month period.
Advance Notice of Significant Reduction in Benefit Accruals to Employers	A plan sponsor is required to provide advance notice to affected participants and unions representing such participants of any plan amendment that will provide for a significant reduction in the rate of future benefit accruals at least 15 days before the effective date of the plan amendment.	The notice also must be provided to each contributing employer to the plan.

WITHDRAWAL LIABILITY

	Current Law	The Pension Protection Act of 2006 (the "Act")
In General	If an employer withdraws from a multiemployer plan in a complete or partial withdrawal, the employer is generally liable for its share of the plan's unfunded vested benefits. There are special rules that may limit an employer's liability in certain cases, including rules in ERISA section 4225(a) under which the amount of an employer's unfunded vested benefits is limited in the case of certain bona fide sales of all or substantially all of the employer's assets in an arm's length transaction to an unrelated party. A partial withdrawal from a multiemployer plan may occur if the employer ceases to have an obligation under one or more (but fewer than all) CBAs but the employer continues to perform work in the jurisdiction of the CBA or the employer transfers work to another location. Under the withdrawal liability rules, certain dispute resolution and payment procedures apply regarding an employer's withdrawal liability. Under these procedures, the determination of the trustees is presumed correct unless the employer shows by a preponderance of the evidence that the trustees' determination was unreasonable or clearly erroneous. Disputes between any employer and the trustees are resolved through arbitration. If an employer contests a determination, payments must generally continue to be made by the employer until a final decision is made. Certain special rules apply in the case of a notification of withdrawal liability made after October 31, 2003, where the determination is based on a finding that the principal purpose of	The bill prescribes a new table under ERISA section 4225(a)(2) to be used in calculating the limits on an employer's withdrawal liability in the case of a sale of all or substantially all of the employer's assets in an arm's length transaction. The use of the new table is effective for sales occurring on or after January 1, 2007. The bill clarifies that a partial withdrawal may also occur if the employer transfers the work to an entity or entities owned or controlled by the employer. This clarification is effective for transfers on or after the date of enactment (August 17, 2006). Under a new special rule, special payment procedures would apply if a withdrawal liability determination is based on a finding that the principal purpose of a transaction that occurred after December 31, 1998, and at least 5 years (2 years in the case of a small employer) before the date of the withdrawal, was to avoid or evade withdrawal liability. For these purposes, a small employer is defined as one that, for the current and each of the 3 preceding years, on average, employs 500 or fewer employees and is required to make contributions to the plan on behalf of 250 or fewer employees. This special rule is generally effective for notifications of withdrawal liability on or after the date of enactment (August 17, 2006) with respect to a transaction that occurred after December 31, 1998. Building and construction-industry plans are permitted to use the 5-year "free-look" and "fresh-start" rules for withdrawals occurring

	Current Law	The Pension Protection Act of 2006 (the "Act")
	a transaction occurring before January 1, 1999 (and at least 5 years before the date of the withdrawal) was to avoid or evade withdrawal liability. A multiemployer plan, other than one principally covering employees in the building and construction industry, generally may adopt a rule under which an employer that withdraws from the plan within 5 or fewer years of becoming a contributing employer is not subject to withdrawal liability. This "free-look" rule is intended to make it easier for new employers to join the plan. Under another special rule, a multiemployer plan, other that one in the building and construction industry, may adopt a "fresh-start" rule for purposes of allocating unfunded vested benefits to contributing employers.	on or after January 1, 2007.

TRANSFER OF EXCESS PENSION ASSETS

	Current Law	**The Pension Protection Act of 2006 (the "Act")**
In General	Generally, defined benefit plans may transfer excess pension assets to a separate account that may be used to pay certain retiree health liabilities. Such transfers generally are not available to multiemployer plans	Beginning in 2007, multiemployer plans are permitted to make transfers of excess pension assets.

GENERAL EFFECTIVE DATE AND SUNSET

	Current Law	The Pension Protection Act of 2006 (the "Act")
In General	N/A	Except as otherwise provided in this summary, the provisions affecting multiemployer plans are generally effective for plan years beginning after 2007.
Sunset	N/A	The rules relating to multiemployer plans in endangered or critical status do not apply for plan years beginning after December 31, 2014. If a plan is operating under a funding improvement or rehabilitation plan for its last year beginning before January 1, 2015, the plan continues to operate under such funding improvement or rehabilitation plan during any period after December 31, 2014 that such funding improvement or rehabilitation plan is in effect, and all applicable provisions of ERISA and the Code relating to the operation of such funding improvement or rehabilitation plan shall continue in effect for such period. In addition, the rules relating to the automatic use of the shortfall funding method and the automatic amortization extension do not apply to plan years beginning after December 31, 2014.