Applications under MPRA

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The opinions of Mr. Donofrio and Ms. Cameron do not necessarily represent the views of PBGC.
Agenda

- Overview of MPRA Applications Filed To Date
- PBGC’s Role in Suspension Applications
- Review of Partition Applications
- Pre-Application Consultation (Partition or Facilitated Merger)
- Questions
### Overview - MPRA Cases

<table>
<thead>
<tr>
<th>Plan</th>
<th>Type</th>
<th>Outcome</th>
<th>Resubmission?</th>
<th>Outcome</th>
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<tr>
<td>Alaska Ironworkers</td>
<td>Suspension</td>
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<td>Yes</td>
<td>Under Review</td>
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<tr>
<td>Automotive Industries</td>
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<td>Bricklayers Local 5</td>
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<td>IAM Motor City</td>
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PBGC’s Role in Suspension Applications

- The Treasury Department is responsible for approval or denial of an application
  - Includes findings on the reasonableness of actuarial assumptions underlying the cash flow projections supporting the application

- PBGC has a consultative role in decision making

- PBGC provides technical assistance to Treasury
  - Confirmation of projected benefit disbursements
  - Confirmation of application of limitations on suspension
Statutory Requirements

- Partition must reduce PBGC’s long term loss with respect to the plan.

- Partition must not impair PBGC’s ability to meet existing financial assistance obligations to other plans (includes expected obligations to plans expected to become insolvent in next 10 years).

- Partition/suspension is necessary for the plan to remain solvent.
PBGC’s Review of Partition Applications

Technical Review

- Assumptions
  - Projected Contribution Base Units (CBUs)
  - Rate of investment return

- Confirmation of Projected Benefits

- Confirm Minimum Financial Assistance Necessary for the Plan to Remain Solvent
The partition plan provides PBGC guaranteed benefits to the minimum number of participants necessary to allow the original plan to remain solvent

- Initially, the partition plan is envisioned as taking certain percentages of the original plan’s participant groups (retirees, term vesteds, actives)
  - Plan and PBGC collaborate on the structure of the partition plan during the review of the application

- Upon preliminary approval, specific participants who will receive benefits from the partition plan must be identified
Illustrative Timeline

- **Assets for quarter ending September 30, 2017**
- **Within 14 days PBGC determines application is complete**
  - **December 15, 2017**
- **Assuming suspension application found complete, joint Notices must go out by**
  - **January 2, 2018**
- **Vote Process (Aug 20 – Sept 10)**
  - and prepare Successor plan data and info
- **December 1, 2017**
  - Formal partition application submitted to PBGC
- **December 31, 2017**
  - LAST DAY to submit suspension application using September 30, 2017 assets
- **August 13, 2018**
  - Treasury suspension application decision DUE (Conditional approval of partition is necessary)
- **October 1, 2018 or LATER**
  - IDEAL Effective Date
Pre-Application Consultation

Consultation can address partition, facilitated merger or non-MPRA cases

- General approach is an open dialogue
- Informal and not binding
- Can include Treasury as appropriate
Pre-Application Consultation

Topics of Discussion

- Type of work performed by participants and location
- Contributing employers (number contributing; any significant contributors; financial information may be requested)
- CBU history
- Unusual characteristics of plan
- Collection of withdrawal liability
- Service and the PBGC guaranteed benefit
- Timing of applications (partition and suspension)
- Number of participants in plan
- Voting
- Which benefits to partition
Pre-Application Consultation

Send MPRA related questions to:

MPRA.Questions@PBGC.gov

✓ Request pre-application consultation
✓ Assistance with determination of PBGC guaranteed benefit
Questions?