PBGC Multiemployer Update

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NCCMP Lawyers and Administrators Meeting
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The opinions of Mr. Liebman and Mr. Perlin do not necessarily reflect the views of the PBGC.
Presentation Overview

• Guidance – Plan proposals for alternative terms and conditions to satisfy withdrawal liability; 83 FR 14524 (April 4, 2018)

• Multiemployer Plans – Agency Rule List

• Insolvent Plans – FY 2017
• Guidance was issued for plan proposals that adopt alternative terms to satisfy withdrawal liability

• PBGC finds it helpful to see support for assertions that –
  
  o The proposal would retain employers in the plan long-term and secure income that may otherwise be unavailable, and
  
  o Absent the proposal employers would withdraw or significantly reduce contributions in ways that would undermine plan solvency
Information PBGC needs to evaluate the proposal

• How is the payment amount or alternative schedule determined
• What requirements must the employer satisfy to be eligible
• What are the expected cash flows, recoveries of withdrawal liability, and other assumptions under statutory rules versus the proposal
• Information on the composition of contributing employers
Factors PBGC considers in its review of the proposal

- The proposal is in the interests of participants and beneficiaries
- The proposal does not create an unreasonable risk of loss to PBGC
- The proposal is otherwise consistent with ERISA and PBGC’s regulations
- The proposal would maximize projected contributions and the net recovery of withdrawal liability compared to the statutory rules
- The assumptions used to support the proposal is supported by credible data
- The proposal is reasonable in scope and applies uniformly to all employers
• PBGC has active informal consultation program –
  -> Trustees and advisors encouraged to reach out to PBGC staff to
discuss how to proceed with alternative withdrawal liability rule request
  -> Can help expedite the decision process
Multiemployer Plans – Agency Rule List

• Mergers and Transfers – RIN 1212-AB31
• Methods for Computing Withdrawal Liability - RIN 1212-AB36
• Terminated and Insolvent Plans – RIN 1212-AB38
• Arbitration Procedures – RIN 1212-AB39
Insolvent Plans – FY 2017

- Cement Masons Local 783 Pension Fund
- Milk Industry Office Employees Pension Fund
- Local 447S Pension Fund
- Local 413 Pension Trust Fund
- Teamsters Local 416 of Cleveland Pension Fund
- Local 707 Road Carriers
- United Furniture Workers Successor Pension Fund
Questions?
Thank You