The Impact of Alternative Discount Rates on Multiemployer Pension Plan Funding

**Impact on Zone Status**

- **Current Rates**
  - Based on current funding rules, over 60% of multiemployer plans are in the green zone.

- **Corporate Bond Rates**
  - Using corporate bond rates, the percentage of green zone plans would fall to just 7%.
  - The majority of plans would see dramatically increased contribution requirements ranging from 1.7 to 2.4 times current contribution requirements.

- **30-Year Treasury Rates**
  - Using 30-year Treasury rates, a mere 2% of all multiemployer plans would be in the green zone.
  - The majority of plans would see catastrophic contribution requirements ranging from 2.0 to 3.0 times current contribution requirements.

**Impact on a Representative Plan**

- Plan is currently 80% funded and in the Green Zone. On track to be 100% funded within 15 years.
- Plan provides modest benefits of about $28,080 for a 30-year career employee.
- Current contributions are approximately 22% of wages.
- Contributions would need to increase to 46% of wages using corporate bond rates and 59% of wages using 30-year Treasuries.

**Plan Cost as % of Wages**

<table>
<thead>
<tr>
<th>Plan Cost as % of Wages</th>
<th>Current Rates</th>
<th>Corporate Bond Rates</th>
<th>30-Year Treasury Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>22%</td>
<td>46%</td>
<td>59%</td>
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