

Background for the Passage of ARPA

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Financial Challenges Facing Plans

- Scope

- More than 100 plans projected to be insolvency
- Benefits of up to 1.5 million participants at risk
- PBGC multiemployer program expected to fail
- High contributions and low benefit levels
- Withdrawal liability jeopardizes thousands of businesses

Financial Challenges Facing Plans

- Causes
 - Stock market declines
 - Maturity of pension plans
 - Maximum tax deductible rules
 - Withdrawal liability rules
 - Weak economy
 - Decreased unionization
 - Guaranteed benefits supported by expected resources

Retirement Security Review Commission

- The Commission
 - Organized by NCCMP
 - Met for 2 years
 - More than 40 participating organizations
 - Labor, management, and plans
- Purpose
 - Develop recommendations for reform
 - Message from Congress – no money

Retirement Security Review Commission

- Recommendations
 - Allow failing plans to reduce benefits
 - New variable benefit approach - Composite Plans
 - Technical corrections
- Solutions not Bailouts

Multiemployer Pension Reform Act

- Passed in late 2014
- Incorporates concepts from Solutions not Bailouts
 - Benefit suspensions for failing plans
 - Several technical corrections
- Composite plans removed shortly before passage
 - Expectation was it would pass shortly after
 - Large PBGC premium increase also removed

Joint Select Committee

- Bipartisan effort
- Serious effort at comprehensive reform
 - Reform funding rules
 - Assistance for failing plans
 - New plan design
 - PBGC premiums
- Ultimately did not succeed in developing a proposal

Other Reform Efforts

- **Grassley Alexander Proposal**
 - Significant changes to funding and governance of plans
 - Stronger PBGC support with some benefit reductions
 - Primarily funded by higher PBGC premiums
- **HEROES Act**
 - Prevents any benefit reductions
 - Funded entirely by general taxpayer revenue
- **Butch Lewis Proposal**

American Rescue Plan Act

- Enacted March 11, 2021
- Provides special financial assistance to eligible plans
 - Critical and declining plans, and some critical plans
 - Amount necessary for projected solvency through 2051
 - Some eligible plans may receive no assistance
- Conditions on receipt of assistance
- Difficult choice for plans that adopted suspensions

Questions?

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