



NCCMP Annual Conference

Special Financial Assistance and Merger Discussion

April 1, 2026 / Julie Cameron



Agenda

Special Financial Assistance

Mergers Between Multiemployer Plans

Mergers With SFA Recipient Plans

Special Financial Assistance

Update as of March 20, 2026

Application status update

159

approved applications
for \$70.5 billion

14

applications under
review, SFA requested
is \$2.5 billion

19

plans that have withdrawn
an application and have not
yet reapplied

- SFA requested is \$188.5 million
- 10 of these withdrew in 2026

95

plans submitted
lock-in
applications

2

applications
denied

Mergers Under ERISA §4231

Requirements of mergers §4231.3

- Notice of Merger (120 days or 45 days, as applicable)
- Preservation of accrued benefits
- Plan that exist after the merger meets solvency test (§4231.6) or *otherwise demonstrates that benefits are not reasonably expected to subject to suspension under ERISA §4245* (§4231.3(a)(3)(ii))
- Actuarial valuations

Mergers Under ERISA §4231

PBGC related requirements

- Request for Compliance Determination
 - Optional but recommended (filed with notice of merger)
 - PBGC approval not required (is required for merger with SFA plan)
- Merger agreement (can be draft)
- Solvency test
 - Definition of significantly affected under
 - Actuarial calculations and assumptions



Mergers Under ERISA §4231

Definition of significantly affected plan §4231.2

- Transfer of assets $\geq 15\%$ of its assets before transfer
- Receives unfunded accrued benefits $\geq 15\%$ of its assets before the transfer
- Is created by a spinoff from another plan
- Engages in a merger or transfer (other than a de minimis) either—
 - After such plan has terminated by mass withdrawal (ERISA section 4041A(a)(2))
 - With a plan that has so terminated.

The merger of two ongoing plans is not significantly affected!

Mergers Under ERISA §4231

Plan solvency tests

Not significantly affected (§ 4231.6(a)(1))

- Projected assets to merger date for each plan and combine
- Combine actual benefit payments for each plan made in the plan year prior to the merger date (do not include administrative expenses)
Example: Merger date is March 31, 2027, and both plan A and plan B are calendar year plans, then use benefit payments for 2026 calendar year
- Projected assets ÷ benefit payments ≥ 5

Significantly affected (§ 4231.6(b)(3))

- Contributions \geq benefit payments
- Contributions \geq MRC for 5 plan years
- Assets \geq total benefit payments for 5 plan years
- Expected contributions for *25 plan years* \geq UAL + NC

Mergers Under ERISA §4231

Alternative demonstration for solvency

- Plan meets solvency test or otherwise demonstrates that benefits are not reasonably expected to subject to suspension under ERISA §4245
- Cashflow = projected plan assets

Description	Year 1	Year 2	Year 3
1. Assets at begin of year	200,000,000	201,575,000	203,200,000
2. Total contributions and withdrawal liability payments	8,000,000	8,100,000	8,200,000
3. Total benefit payments	15,000,000	15,100,000	15,200,000
4. Administrative expenses	1,000,000	1,025,000	10,500,000
5. Interest earnings	9,575,000	9,650,000	9,255,000
Assets at end of year: (1)+(2)-(3)-(4)+(5)	201,575,000	203,200,000	194,955,000

Mergers Under ERISA §4231

Alternative demonstration for solvency

- Cashflow projection for each plan before transaction
 - May or may not show projected date of insolvency (DOI)
- Cashflow projection for merged plan (after transaction)
 - May or may not show projected date of insolvency (DOI)
 - Must demonstrate participants in each plan are better off or the same post merger



SFA Mergers & PBGC Requirements §4261.16(f)

- Meet conditions of ERISA §4231(a)-(d)
 - Includes compliance determination
- Request PBGC approval of merger
- Actuarial certifications
 - Certification plan has received SFA
 - Actuarial valuations for the most recent 3 plan years
 - Most recent zone status certifications
 - Assumptions, methods used and cashflow projections provided
- Narrative addressing interest of participants and beneficiaries



SFA Mergers & PBGC Requirements §4261.16(f)

Narrative & PBGC's risk of loss

Cashflow projections of each plan involved before and after merger

- Open group valuation
- Include assumptions and methods
- Supporting data and calculations
- Present value of guaranteed benefits (if any)
Estimate PBGC guaranteed benefits
- Certified by enrolled actuary
- Recommend Excel spreadsheets and leave in formulas

Request for waiver of certain conditions, if possible



Additional information as requested by PBGC.

SFA Requirements (Mergers and Non-Mergers)

SFA Assets

- Segregated and invested in permissible investments
- Used to pay benefit and administrative expenses in the merged plan
- Cannot be used to determine required contributions under IRC §431

Reporting

- Annual compliance reporting
- Withdrawal liability settlements over \$50 million
- PBGC approval for future merger or transfer



SFA Mergers & PBGC Requirements §4261.16(f)

Withdrawal Liability

Phase-In

- The merged plan must use the **phase-in** condition to the UVBs that arose under the SFA plan before the date of the merger for purposes of allocating UVBs for employers that contributed to the SFA plan
- Phase-in period is determined as the number of years the SFA assets were projected to be exhausted in the approved SFA application

Interest rate assumption

- The merged plan must use **PBGC §4044 rates** to determine unfunded vested benefits (UVBs) that arose under the SFA plan before the date of the merger for purposes of allocating UVBs for employers that contributed to the SFA plan
- Duration of required interest rate is at least 10 years, but no more than the phase-in period described above

SFA Mergers & PBGC Requirements §4261.16(f)

SFA Merger: Conditions that do not apply to the merged plan

- “Deemed” critical status
- Prospective benefit increase restrictions
- Allocation requirements of plan assets and expenses

Restrictions to the SFA-recipient plan only that may be waived under certain conditions

- Retrospective benefit increases
- Allocation of contributions and other income
- Contribution decreases



Mergers Involving SFA Plans

Condition	Applies to Merged Plan	Waiver possible?
SFA: pay benefits and expenses, segregated, investment restrictions	Yes	No
PBGC approval for future mergers and transfers	Yes	No
Withdrawal liability settlements over \$50M	Yes	No
Subject to compliance reporting and audit	Yes	No
“Deemed” critical status	No	No
Prospective benefit increase restrictions	No	No
Allocation requirements of plan assets and expenses	No	No
Retroactive benefit increase restrictions for participants of SFA plan	Yes	Yes
Contribution decrease restrictions for employers of SFA plan	Yes	Yes
Allocation of contributions and other income for SFA plan	Yes	Yes
Withdrawal liability interest rate for employers of SFA plan	Yes	No
Withdrawal liability phase-in of SFA assets for employers of SFA plan	Yes	No

SFA Mergers

Informal consultation with PBGC

- Strongly recommended before proceeding with a merger application
- Mergers that have a high likelihood of success
A small SFA plan merging into a large 'green/safe' non-SFA plan

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Questions?

Thank You

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