

# **Special Financial Assistance Program for Financially Troubled Multiemployer Plans (Section 9704 of ARP)**

*July 22, 2021*



- Webinar 1 Recap
- ARP/SFA Homepage and Resources
- E-Filing Portal Walkthrough
- Application Walkthrough
- Communications Post-Submission
- Treasury Guidance: Reinstatements and Make-Up Payments



# Webinar 1 Recap



PBGC

- Available at the following location:
  - Video - <https://www.youtube.com/watch?v=8T5BaKye8Fk>
  - Slides - <https://www.pbgc.gov/sites/default/files/arp-public-briefing-2021-07-09.pdf>

## Topics covered include:

- Special Financial Assistance and IFR Overview
- Application and Review Process/Priority Plans
- Restrictions, Conditions, and Reporting
- PBGC Guidance and Resources

# Conditions on Plans Receiving SFA

- ARP grants authority to impose reasonable conditions on plans receiving SFA related to:
  - Increases in future accruals and any retroactive benefit improvements
  - Allocation of plan assets
  - Reductions in employer contribution rates
  - Diversion of contributions to, and allocation of expenses to, other benefit plans.
  - Withdrawal liability

*\*Plans receiving SFA are required to amend plan documents to include a provision obligating the plan sponsor to follow the terms and conditions of ARP and the SFA rule.*
- PBGC is prohibited from imposing conditions related to:
  - Prospective reductions in plan benefits
  - Plan governance, including selection of, removal of, and terms of contracts with trustees, actuaries, investment managers, or other service providers
  - Any funding rules related to plans receiving SFA
- With respect to certain events such as mergers, transfers and spinoffs, the amount of SFA is limited to the amount determined as if the given event had not occurred



# **ARP/SFA Homepage and Resources**

PBGC

# Ongoing Program Information and Resources

- Published interim final rule in the Federal Register on July 12, 2021
- 30-day comment period
- PBGC's E-Filing portal available for applications for plan trustees and practitioners
- Additional resources – [PBGC.gov/arp-sfa](https://pbgc.gov/arp-sfa)
  - Frequently Asked Questions
  - Recorded Informational Session
  - Register for email distributions to receive updates and information
- Final Rule – TBD



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## American Rescue Plan (ARP) Special Financial Assistance Program

When the application period opens to multiemployer pension plans, PBGC will accept as many applications as the agency estimates it can process in 120 days. Once the number of applications reaches that level, the application period will temporarily close until PBGC has capacity to process more applications. PBGC will update this page when the application period opens and closes, and will post information about the status of submitted applications. PBGC will also contact prospective applicants via email when new information is available.

At this time, multiemployer plans in [Priority Group 1](#) can submit completed applications for Special Financial Assistance at <https://efilingportal.pbgc.gov/site/>.



The [E-filing Portal](#) is open and now accepting applications.

### American Rescue Plan Act of 2021 Resources

- [American Rescue Plan \(ARP\) Act of 2021](#) [congress.gov]
- [Instructions / Templates / Webinars](#)
- [Interim Final Rule](#)
- [PBGC American Rescue Plan Overview](#)
- [Frequently Asked Questions](#)
- [SFA Assumptions Guidance](#)
- Status of Applications [xls] - Coming Soon!

Instructions,  
Templates,  
Other Resources

E-Filing Portal  
Status & Current  
Priority Group

Status of  
Submitted  
Applications

Important  
Updates

Signup for  
Mailing List

### Priority Groups

Priority Group	Plan Descriptions	Target Date Plans May Apply For SFA*	Status
1	Already insolvent or projected to become insolvent before 3/11/2022	7/9/2021	<a href="#">OPEN</a>
2	Implemented MPRA benefit suspensions before 3/11/2021 or expected to be insolvent within one year of the date application was filed**	1/1/2022	CLOSED
3	Greater than 350,000 participants	4/1/2022	CLOSED
4	Projected to become insolvent before 3/11/2023	7/1/2022	CLOSED
5	Projected to become insolvent before 3/11/2026	2/11/2023	CLOSED





# **E-Filing Portal Walkthrough**

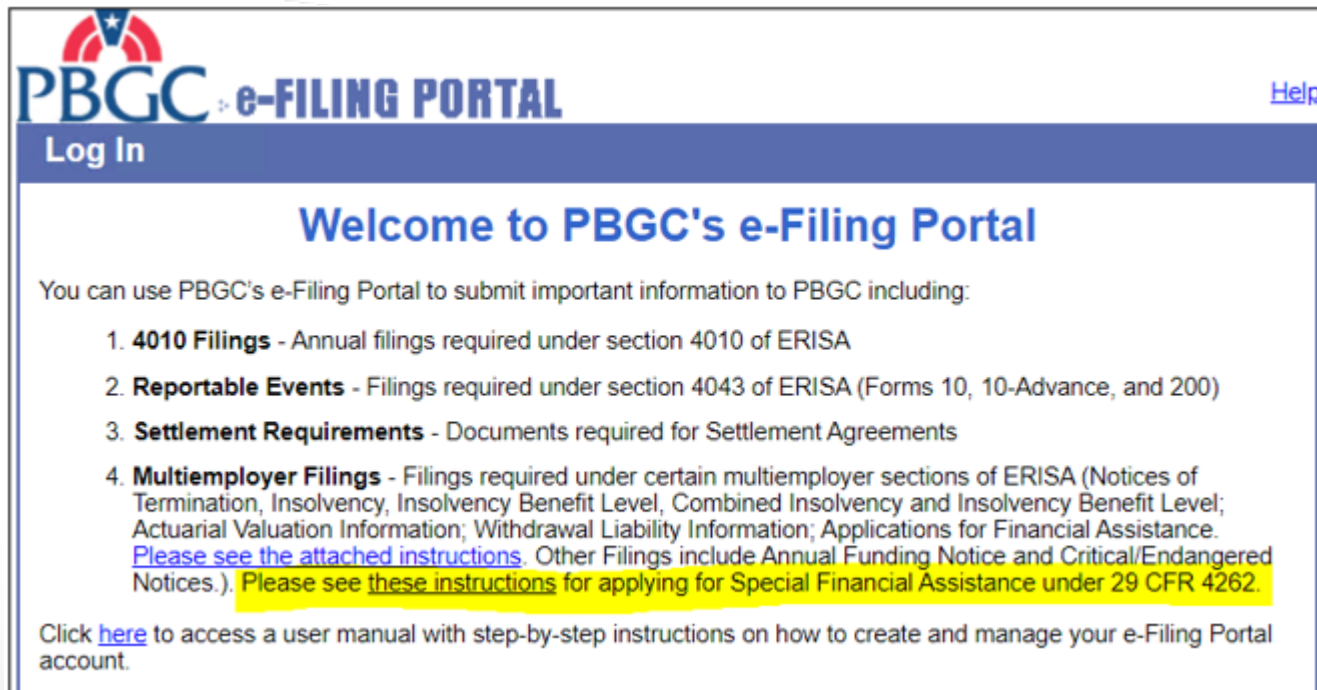


PBGC

# E-Filing Portal: Log In/Create Account

<https://efilingportal.pbgc.gov/site/Login.aspx>

Top of Page – Includes Link to SFA Instructions



The screenshot shows the top of the PBGC e-Filing Portal. At the top left is the PBGC logo with the text "PBGC e-FILING PORTAL". To the right is a "Help" link. Below the logo is a dark blue bar with "Log In" in white. The main content area has a heading "Welcome to PBGC's e-Filing Portal" and a paragraph: "You can use PBGC's e-Filing Portal to submit important information to PBGC including:". This is followed by a numbered list of four categories: 1. 4010 Filings, 2. Reportable Events, 3. Settlement Requirements, and 4. Multiemployer Filings. The fourth item includes a link to "these instructions" which is highlighted in yellow. At the bottom, there is a link to a user manual.

**PBGC e-FILING PORTAL** [Help](#)

**Log In**

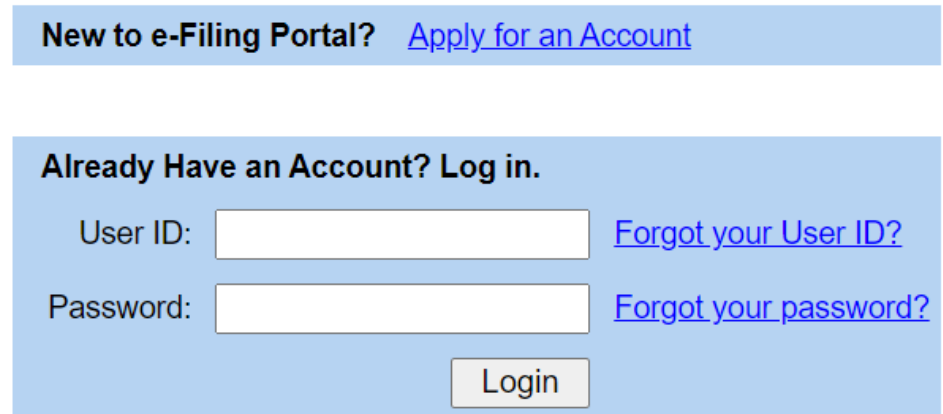
## Welcome to PBGC's e-Filing Portal

You can use PBGC's e-Filing Portal to submit important information to PBGC including:

- 4010 Filings** - Annual filings required under section 4010 of ERISA
- Reportable Events** - Filings required under section 4043 of ERISA (Forms 10, 10-Advance, and 200)
- Settlement Requirements** - Documents required for Settlement Agreements
- Multiemployer Filings** - Filings required under certain multiemployer sections of ERISA (Notices of Termination, Insolvency, Insolvency Benefit Level, Combined Insolvency and Insolvency Benefit Level; Actuarial Valuation Information; Withdrawal Liability Information; Applications for Financial Assistance. [Please see the attached instructions.](#) Other Filings include Annual Funding Notice and Critical/Endangered Notices.) [Please see these instructions](#) for applying for Special Financial Assistance under 29 CFR 4262.

Click [here](#) to access a user manual with step-by-step instructions on how to create and manage your e-Filing Portal account.

Bottom of Page – Apply for an Account or Log in



The screenshot shows the bottom of the PBGC e-Filing Portal. It features two light blue boxes. The top box contains the text "New to e-Filing Portal?" followed by a link "Apply for an Account". The bottom box contains the text "Already Have an Account? Log in." followed by two input fields: "User ID:" and "Password:". Each field has a corresponding link: "Forgot your User ID?" and "Forgot your password?". A "Login" button is positioned below the password field.

New to e-Filing Portal? [Apply for an Account](#)

Already Have an Account? Log in.

User ID:  [Forgot your User ID?](#)

Password:  [Forgot your password?](#)

Screen to Select Filing Type after logging in:

**PBGC e-FILING PORTAL** [Log Out](#) | [Manage Account](#) | [Change Password](#) | [Help](#)

**e-Filing Portal Home Page**

**e-4010: Controlled Group Filing Drafts**

Information Year-end	Date Created	Name
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**e-4010: Controlled Group Filings Submitted to PBGC**

Information Year-end	Original Submission Date	Amended Submission Date	Name
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**e-4043 Reportable Events: Filing Drafts**

EIN/PN	Plan Name	Type of Event	Date Created
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**e-4043 Reportable Events: Filings Submitted to PBGC**

EIN/PN	Plan Name	Type of Event	Original Submission Date	Amended Submission Date
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**Multiemployer Events: Filing Drafts**

EIN/PN	Plan Name	Type of Event	Date Created
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**Multiemployer Events: Filings Submitted to PBGC**

Screen to Select Filing Type after plan administrator selects “Create New Filing” after logging in:

**PBGC e-FILING PORTAL** [Help](#)

**Multiemployer - Filing Type Selection**

**Select a filing type:**

**Funding Notices:**

- Notice of Critical Status
- Notice of Endangered Status
- Notice of Seriously Endangered Status
- Annual Funding Notice

**Financial Assistance:**

- Application for Financial Assistance - Initial
- Application for Financial Assistance - Recurring
- Application for Financial Assistance - Special

**Termination Notices:**

- Notice of Termination
- Withdrawal Liability Information
- Actuarial Valuation Information

**Insolvency Notices:**

- Notice of Insolvency
- Notice of Insolvency Benefit Level
- Combined Notice of Insolvency and Notice of Insolvency Benefit Level


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## Basic Information Screen:

The screenshot shows the 'Basic Information Screen' for a 'Special Application for Financial Assistance' on the PBGC e-Filing Portal. The page features the PBGC logo and a 'Help' link in the top right. A blue header bar contains the text 'Application for Financial Assistance - Special'. Below this, a section titled '\*Required fields' contains several input fields: a text box for '\*Plan name:', a text box for '\*EIN:' with '(ex. 33-3333333)' as a hint, a text box for '\*PN:' with '(ex. 333)' as a hint, a text box for '\*Notice filer name:', a dropdown menu for '\*Role of filer:' with '- select a value -' as the current selection, and a text box for '\*Total amount requested: \$'. At the bottom right, there are three buttons: '< Back', 'Cancel', and 'Save & Next'.

## Document Uploading Page

(partial – the full list of document types is shown in following screen shot, next page):



The screenshot shows the PBGC e-Filing Portal interface. At the top left is the PBGC logo and the text "PBGC e-FILING PORTAL". To the right is a "Help" link. Below this is a blue header bar with the text "Application for Financial Assistance - Special". Underneath is a light blue bar labeled "Attached Documents". The main content area contains a link "Click here to access filing instructions.", a paragraph stating "All documents are required for this filing. If any of these documents are not available, provide an explanation in the 'Comments' box below.", a "Comments:" label followed by a large text input box, a "File:" label with a "Choose File" button and "No file chosen" text, a "Document Type:" label with a dropdown menu showing "- Select a document type -", and an "Attach" button. Below the "Attach" button is a red warning message: "Maximum file size is 25MB. It may take a minute or two to attach large files. Please click only once. To send files larger than 25MB, please contact multiemployerprogram@pbgc.gov for additional instructions. For additional assistance, send us an email or call 202-229-3018 or 202-229-6047." At the bottom of the page is a list of five required documents: 1. Financial assistance request letter, 2. Financial Assistance Application, 3. Special Financial Assistance Checklist, 4. Financial assistance spreadsheet (template), and 5. Plan's most recent financial statement (audited, or unaudited if audited not available).

**PBGC e-FILING PORTAL** [Help](#)

**Application for Financial Assistance - Special**

**Attached Documents**

[Click here to access filing instructions.](#)

All documents are required for this filing. If any of these documents are not available, provide an explanation in the "Comments" box below.

Comments:

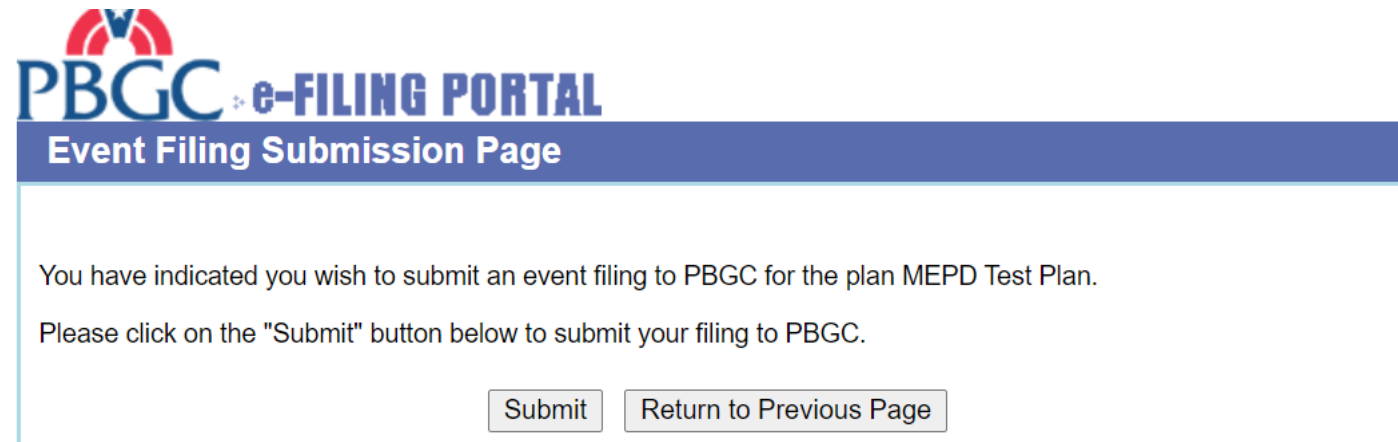
File:  No file chosen

Document Type:

**Maximum file size is 25MB. It may take a minute or two to attach large files. Please click only once. To send files larger than 25MB, please contact [multiemployerprogram@pbgc.gov](mailto:multiemployerprogram@pbgc.gov) for additional instructions. For additional assistance, send us an email or call 202-229-3018 or 202-229-6047.**

1. Financial assistance request letter
2. Financial Assistance Application
3. Special Financial Assistance Checklist
4. Financial assistance spreadsheet (template)
5. Plan's most recent financial statement (audited, or unaudited if audited not available)

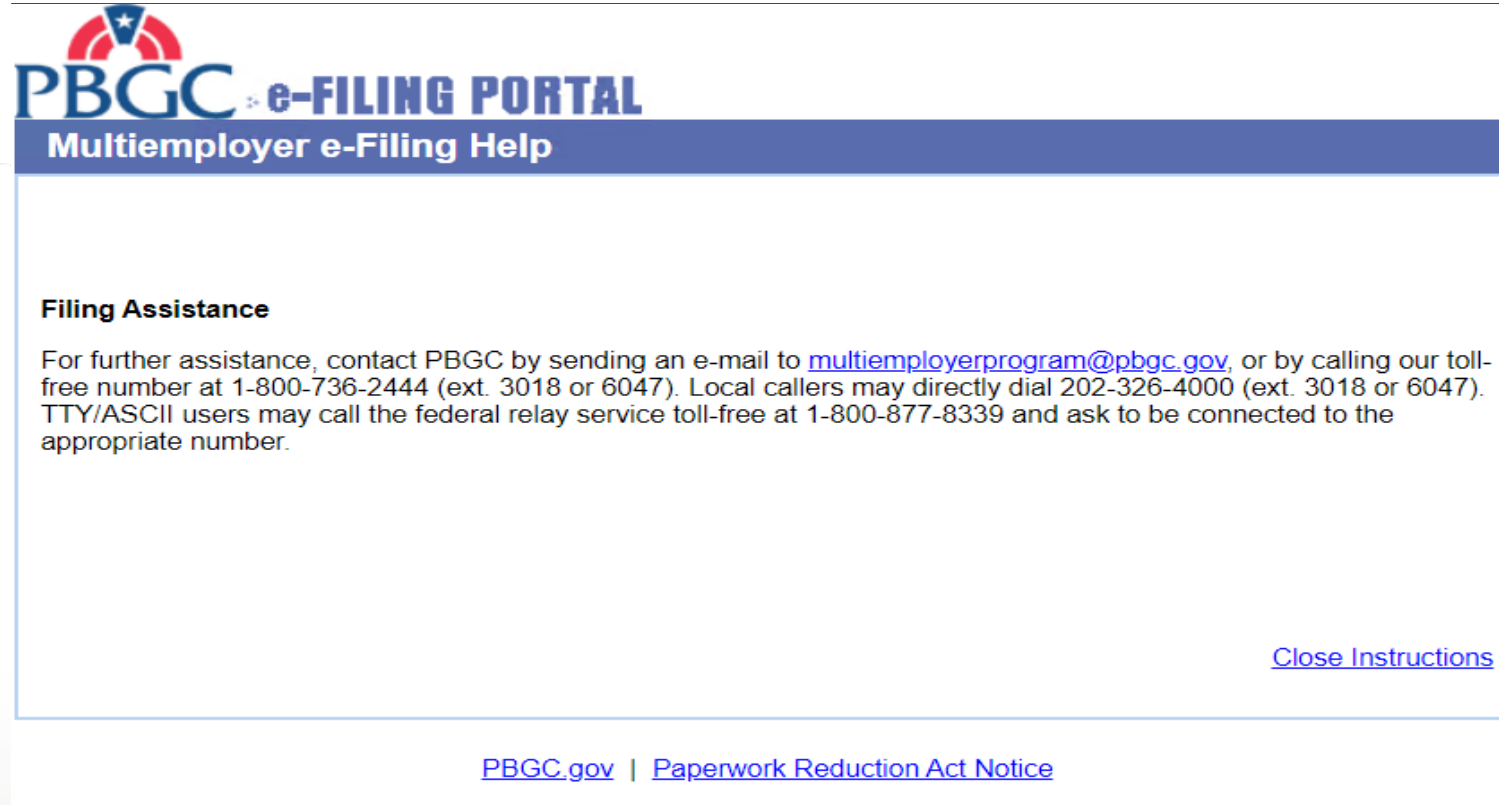
The system will prompt a confirmation before submission:



The screenshot shows the PBGC e-Filing Portal interface. At the top left is the PBGC logo, which consists of a red and white stylized shield with a blue star. To the right of the logo, the text "PBGC e-FILING PORTAL" is displayed in blue. Below this, a dark blue header bar contains the text "Event Filing Submission Page" in white. The main content area is white and contains the following text: "You have indicated you wish to submit an event filing to PBGC for the plan MEPD Test Plan." followed by "Please click on the 'Submit' button below to submit your filing to PBGC." At the bottom of the content area, there are two buttons: "Submit" and "Return to Previous Page".

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If you click on the “Help” button, you see this screen:



The screenshot shows the PBGC e-Filing Portal interface. At the top left is the PBGC logo, which consists of a red and white shield with a blue star, followed by the text "PBGC e-FILING PORTAL" in blue. Below this is a dark blue header bar with the text "Multiemployer e-Filing Help" in white. The main content area is white and contains the following text:

**Filing Assistance**

For further assistance, contact PBGC by sending an e-mail to [multiemployerprogram@pbgc.gov](mailto:multiemployerprogram@pbgc.gov), or by calling our toll-free number at 1-800-736-2444 (ext. 3018 or 6047). Local callers may directly dial 202-326-4000 (ext. 3018 or 6047). TTY/ASCII users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to the appropriate number.

[Close Instructions](#)

[PBGC.gov](http://PBGC.gov) | [Paperwork Reduction Act Notice](#)





# Application Walkthrough



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# “Must Have” Documents/Tools

Section 4262 of  
ERISA and  
Interim Final  
Rule

Assumptions  
Guidance

Application  
Instructions  
and Checklist

Application  
Templates

**Is there a change  
in assumption?**

**Section 4262.5(c):  
Identification &  
Supporting Rationale**

**Assumptions Guidance:**  
Acceptable  
Generally Acceptable  
Generally Not Acceptable

## Assumption Changes

**Generally, all plans will have an assumption change.**

- Zone certification assumptions are generally not utilized for 30 years

### **Section 4262.5(c) of IFR – Identification and Supporting Rationale**

- Describe why the original assumption is no longer reasonable
- Propose to use a different assumption (the changed assumption)
- Demonstrate that the changed assumption is reasonable

### **Guidance**

- Provides acceptable extensions of assumptions beyond date of insolvency or 20 years, as applicable
- Provides examples
- Allows for minimal rationale for specified acceptable assumption changes

## **Section A – Plan identifying information**

- Basic information (Plan name, EIN/PN, filer name and role)
- SFA requested amount

## **Section B – Plan documents**

- Plan documentation, actuarial valuation reports (AVRs), Form 5500, zone certifications, rehabilitation plan, asset and financial statements, withdrawal liability policy/procedures, payment enrollment form

## **Section C – Plan data**

- Templates – Details in following slides

## Section D – Plan statements

- Identification of eligibility criteria satisfied, priority group (if applicable), reconciliation of fair market value of assets (FMVA) to SFA measurement date (if applicable)
- Detailed supporting rationale for all assumption changes
- Detailed narrative description of projected future employer contributions and withdrawal liability payments and reinstatement of benefits as applicable

## Section E – Checklist and certifications

- SFA Checklist (Details in following slides)
- Certifications from plan's enrolled actuary: SFA amount; eligibility and priority group (if applicable)
- Plan sponsor certification: accuracy of assets used, including substantiating information

# Summary of Templates

Templates	Description	Required?
SFA Checklist	List of items necessary for application, includes file naming convention	Yes
1	Form 5500 projected benefit payments for plan years 2018+ (if applicable)	Depends on participant count
2	Top 15 contributing employers and amounts (if applicable)	Depends on participant count
3	Historical contributions for past 10 plan years	Yes
4	SFA calculations – Use all proposed assumption changes	Yes
5	Baseline calculation – Same as Template 4 but uses specified assumptions	Depends on assumption changes
6	Reconciliation details between assumptions used in baseline and SFA calculations	Depends on assumption changes
7	Identification of projected assumption changes that differ from the most recent certification of plan status prepared before 1/1/2021 (“pre-2021 zone certification”)	Depends on assumption changes
8	Projected employer contribution and withdrawal liability payments used in calculation of requested SFA amount (Template 4)	Yes

# SFA Checklist Template

A	B	C	D	E	F	G	H	I	J	K	
1	Application to PBGC for Special Financial Assistance (SFA)									v20210708p	
2	APPLICATION CHECKLIST										
3	Plan name: Sample Plan										
4	EIN: 999999999										
5	PN: 001										
6	SFA Amount Requested: \$122,864,055										
7	Your application will be considered incomplete if No is entered as a Plan Response for any of Checklist Items #1 through #47.										
8	Checklist Item #	Response Options	Plan Response	Name of File(s) Uploaded	Page Number Reference(s)	Plan Comments	Upload as Document Type	Requested File Naming (if applicable)	SFA Regulation Reference	SFA Filing Instructions Reference	
9	Plan Information, Checklist, and Certifications										
10	1.	Does the application include a fully completed Application Checklist, including the required information at the top of the Application Checklist (plan name, employer identification number (EIN), 3-digit plan number (PN), and SFA amount requested)?	Yes No	Yes	Checklist Sample Plan.xlsx	N/A	Uploaded single file	Special Financial Assistance Checklist	Checklist Pension Plan Name, where "Pension Plan Name" is an abbreviated version of the plan name.	§ 4262.6(a)	Section E, Item 1
13	2.	Does the application include an SFA request cover letter (optional)? Enter N/A if no letter is provided.	Yes N/A	Yes	Special Financial Assistance Application Sample Plan.pdf	1		Financial Assistance Request Letter			Section D, Item 1
14	3.	Was the application signed and dated by an authorized trustee who is a current member of the board of trustees or another authorized representative of the plan sponsor?	Yes No	Yes	Special Financial Assistance Application Sample Plan.pdf	2		Financial Assistance Application		§ 4262.6(b)(1)	Section D
15	6.	Does the application identify the eligibility criteria in § 4262.3 that qualifies the plan as eligible to receive SFA, and include the requested information for each item that is applicable, as described in Section D, Item 3 of the instructions?	Yes No	Yes	Special Financial Assistance Application Sample Plan.pdf	3	The plan became insolvent after December 16, 2014, and remained insolvent without terminating as of March 11, 2021	Financial Assistance Application		§ 4262.3 § 4262.7(b)	Section D, Item 3
18	24.	Does the application include the actuarial valuation report for the 2018 plan year and each subsequent actuarial valuation report completed before the application filing date?	Yes No	Yes	2018AVR Sample Plan.pdf 2019AVR Sample Plan.pdf 2020AVR Sample Plan.pdf	N/A	3 reports in total, each one uploaded separately	Most recent actuarial valuation for the plan	YYYYAVR Pension Plan Name, where "YYYY" is plan year and "Pension Plan Name" is abbreviated version of the plan name	§ 4262.7(e)(5)	Section B, Item 2
43	32.	Does the application include the plan's projection of expected benefit payments as reported in response to line 8b(1) on the Form 5500 Schedule MB for plan years 2018 through the last year the Form 5500 was filed before the application submission date? Enter N/A if the plan is not required to respond Yes to line 8b(1) on the Form 5500 Schedule MB. See Template 1.	Yes No N/A	Yes	Template 1 Sample Plan.xlsx	N/A	Uploaded single file	Financial assistance spreadsheet (template)	Template 1 Pension Plan Name, where "Pension Plan Name" is an abbreviated version of the plan name.	§ 4262.8(a)(1)	Section C, Item 1
54											



## Four Worksheets in Template

### Template 4 Instructions

#### 4-1 SFA Interest Rate

- Details of determination of interest rate used in SFA projection
  - Interest rate reflected in pre-2021 zone certification [section 4262.4(e)(1)(i) of IFR]
  - Rate specified in section 303(h)(2)(C)(iii) of ERISA “3rd segment rate” plus 200 basis points [section 4262.4(e)(1)(ii) of IFR]

#### 4-2 SFA Benefit Payments

- Projected benefit payments broken out by participant status (*e.g.*, active, term vested, retiree) and new entrants, including present value (PV) of each projected benefit stream

#### 4-3 SFA Details

- Deterministic cash flow projections through 2051
- PV of plan obligations and eligible plan resources

# Sample SFA Calculation

## A. Plan Data & Assumptions

(1)	Plan Year	January 1 – December 31
(2)	SFA Measurement Date	6/30/2021
(3)	Plan Assets at 6/30/2021	\$2,250,000
(4)	SFA Interest Rate	5.54%

## B. SFA-Eligible Plan Obligations

(1)	PV Benefit Payments	\$227,289,761
(2)	PV Admin Expenses	\$9,211,310
(3)	PV of Make-Up Payments for Suspended Benefits as of SFA Measurement Date (if applicable)	\$11,278,517
(4)	<b>Total Plan Obligations</b>	<b>\$247,779,588</b>

## C. SFA-Eligible Plan Resources

(1)	PV Contributions	\$122,008,853
(2)	PV Withdrawal Liability Payments	\$656,680
(3)	PV Other Income	\$0
(4)	Plan Assets	\$2,250,000
(5)	<b>Total of Plan Resources</b>	<b>\$124,915,533</b>

D.	<b>Special Financial Assistance (B.4 – C.5)</b>	<b>\$122,864,055</b>
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SFA measurement date is the last day of the calendar quarter immediately preceding the date the plan's application was filed

Present Values and projected resources and obligations are shown in "4-3 SFA Details" of Template 4

# Template 4 – Sample SFA Details

## 4-3 SFA Details for Sample Plan

		PRESENT VALUE as of the SFA Measurement Date of Projected Amounts for:								
		(1)	(2)	PV of (3)	PV of (4)	PV of (6)	PV of (7)	PV of (8)		
		Fair Market Value as of the SFA Measurement Date	SFA Amount as of the SFA Measurement Date	Contributions	Withdrawal Liability Payments	Benefit Payments (should match total from Sheet 4-2)	Benefit Payments Attributable to Reinstatement of Benefits Suspended through the SFA Measurement Date	Administrative Expenses (excluding amount owed PBGC under 4261 of ERISA)		
		\$2,250,000	\$122,864,055	\$122,008,853	\$656,680	(\$227,289,761)	(\$11,278,517)	(\$9,211,310)		
Show payments INTO the plan as positive, and payments OUT of the plan as negative, so that the sum of (1) through (9) equals (10).										
Plan Year Start Date	Plan Year End Date	(1)	(2)	(3)	(4)	(6)	(7)	(8)	(9)	(10)
		Fair Market Value of Assets at Beginning of Plan Year	SFA Amount as of the SFA Measurement Date	Contributions	Withdrawal Liability Payments	Benefit Payments (should match total from Sheet 4-2)	Benefit Payments Attributable to Reinstatement of Benefits Suspended through the SFA Measurement Date	Administrative Expenses (excluding amount owed PBGC under 4261 of ERISA)	Investment Income Based on SFA Interest Rate	Fair Market Value of Assets at End of Plan Year
07/01/2021	12/31/2021	\$2,250,000	\$122,864,055	\$4,077,000	\$53,000	(\$6,285,544)	(\$11,278,517)	(\$243,000)	\$3,078,190	\$114,515,184
01/01/2022	12/31/2022	\$114,515,184		\$8,154,000	\$80,000	(\$12,927,207)		(\$495,720)	\$6,202,345	\$115,528,602
01/01/2023	12/31/2023	\$115,528,602		\$8,154,000	\$80,000	(\$13,260,789)		(\$505,634)	\$6,249,102	\$116,245,281
01/01/2024	12/31/2024	\$116,245,281		\$8,154,000	\$64,000	(\$13,599,065)		(\$515,747)	\$6,278,849	\$116,627,318
01/01/2025	12/31/2025	\$116,627,318		\$8,154,000	\$52,000	(\$13,958,447)		(\$526,062)	\$6,289,583	\$116,638,392
01/01/2026	12/31/2026	\$116,638,392		\$8,154,000	\$52,000	(\$14,303,790)		(\$536,583)	\$6,280,472	\$116,284,490

For this example, there are no entries for column 5, "Other Payments to the Plan".

## Identification and supporting rationale for changed assumptions

- Identify assumption changes
- Quantify assumption changes, as applicable
- Summarize rationale for changes, as applicable

## Same Information and Structure as Template 4

- Instructions, projected benefit payments, PV of projection of plan obligations and resources
- Use “Baseline” assumptions

## Baseline Assumptions

- Pre-2021 zone certification assumptions except:
  - If plan proposed changed assumptions that are acceptable (see Section III of Assumptions Guidance), use the proposed acceptable assumptions
  - If plan’s proposed CBU assumption or administrative expenses assumption is not an “acceptable” extension, then use the acceptable extension in Template 5

***Template 5 not required if SFA amount is determined using Baseline assumptions.***

# Template 5 Sample Plan Baseline

Assumption	Pre – 2021 Zone Certification	SFA Calculation (Template 4)	Baseline (Template 5)
Mortality	RP-2014, projection scale AA	Pri-2012 Blue Collar with recent projection scale	Pri-2012 Blue Collar with recent projection scale
CBU	3% decline per year	Used Acceptable change in Section III of Assumptions Guidance	Used Acceptable change in Section III of Assumptions Guidance
Administrative Expense	Level (0% assumed increase)	2% increase per year	See Acceptable change in Section III of Assumptions Guidance
Retirement Rates	2019 AVR Rates	Changed rates	2019 AVR Rates
All Other	2019 AVR	Same as 2019 AVR	Same as 2019 AVR

## Instructions

### 6-1 Reconciliation

- Summary of changes in assumptions from baseline (Template 5) to SFA calculation (Template 4)
- Total SFA amount and change in amount with each incremental change in assumption

### • **6-2 Reconciliation Details**

- For each incremental change in assumption provide cash flow projections and PV of obligations and resources
- Same structure as Templates 4 and 5

***Template 6 not required if SFA amount is determined using baseline assumptions.***

# Template 6 Sample Plan Reconciliation

Item Number	Basis for Assumptions/Method Change	Change in SFA Amount	SFA Amount Shown in Reconciliation Tabs	Comments
1	Baseline	N/A	\$116,379,001	Same as Template 5
2	Retirement Rates Assumption Change	\$4,545,795	\$120,924,796	See “6-2 Reconciliation Details”
3	Increase in administrative expense assumption from 0% to 2%	\$1,939,259	\$122,864,055	Same as Template 4



## Template 7a – Assumption details on eligibility

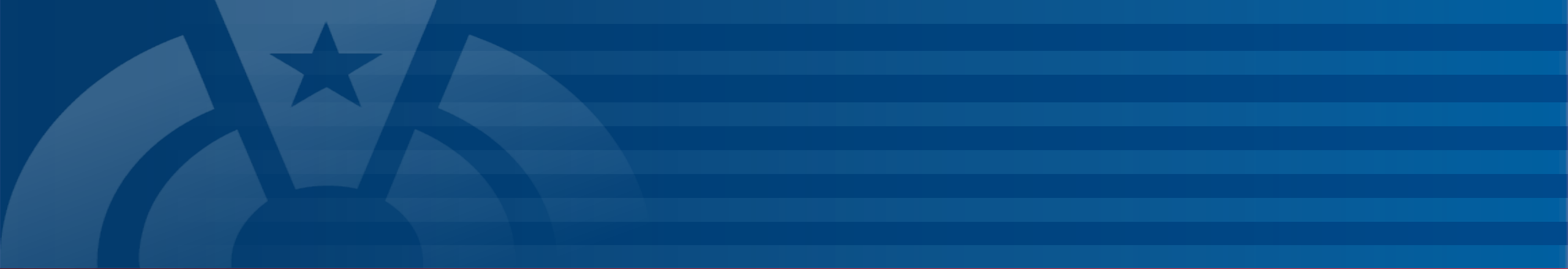
- **List assumptions that differ from those used in the pre-2021 zone certification:**
  - Must include brief explanation as to why the original assumption is no longer reasonable
  - Must include brief explanation why the changed assumptions are reasonable
  - Full documentation of the rationale for the changes is provided in Section D, Item 6(a) of the instructions
- **Template 7a is not required if:**
  - Plan is eligible based on pre-2021 zone certification
  - Plan had an approved MPRA suspension on or before 3/11/2021
  - Plan is insolvent on or after 12/16/2014 and not terminated
  - Plan is eligible based on certification of plan status completed after 12/31/2020 but reflects the same assumptions as the pre-2021 zone certification

## Template 7b – Assumption details on SFA amount

- **List assumptions that differ from those used in the pre-2021 zone certification**
  - Must include brief explanation as to why the original assumption is no longer reasonable
  - Must include brief explanation why the changed assumptions are reasonable
  - Full documentation of the rationale for the changes is provided in Section D, Item 6(b) of the instructions
  - Include an indicator as to whether the changed assumption falls under Section III, Acceptable Assumption Changes in the Assumptions Guidance
- **Template 7b is generally required**

## Template 8 – Contribution and withdrawal liability payment details

- **Provide details of projected contributions**
  - Total CBUs assumed
  - Average contribution rate
  - Reciprocity contributions, if applicable
  - Additional rehabilitation plan contributions, if applicable
  - Other contributions, if applicable
- **Provide details of projected withdrawal liability payments (if applicable)**
  - Payments being made from employers who withdrew before the SFA measurement date
  - Withdrawal liability payments for future assumed withdrawals
- **Projected number of active participants at beginning of plan year**
  - Including new entrants



# **Communications Post-Submission**



PBGC

# Application Process Communications

PBGC's Initial Confirmation of Receipt

- Within two weeks

PBGC's Clarifying Questions

- Pending approval

Plan Notification to PBGC that Application No Longer Accurate

- If necessary

PBGC Approval or Denial Determination

- By day 120

Communications After SFA Funds Transfer

- Infrequent, as needed, Plan Statement of Compliance to PBGC thereafter

- Payments will be made usually within 60 days of approval.
- Automated Clearing House (ACH) Vendor/Miscellaneous Payment Enrollment Form is required to be submitted for a complete application. This form is used to enable the plan to receive electronic transfer of funds.
- PBGC will use the ACH system for amounts up to \$100 million and the Fedwire system for amounts over \$100 million. If the plan is requesting SFA in an amount that is over \$100 million, the filer should confirm the bank's routing number for a Fedwire transfer and any other information necessary for the transfer.
- If a plan closes the bank account that it listed on this form before PBGC transfers the SFA, the plan must notify PBGC immediately and submit an updated form.



**Treasury Guidance:  
Reinstatements / Make-Up  
Payments**



PBGC

**§ 4262.15 provides that a plan with benefits that were suspended under MPRA or because of insolvency after December 2014 without terminating must:**

- In accordance with IRS guidance
  - Reinstate any benefits that were suspended
  - Provide make-up payments of previously suspended benefits, and
- Issue a notice of reinstatement
  - The requirements for this notice are in the instructions for SFA submissions
  - Details will be covered at a later webinar



## **IRS Notice 2021-38 provides the details for the reinstatement requirement. It also covers:**

- The individual income tax treatment of make-up payments
- PBGC will take care of submitting an application to treasury
- How a plan that receives SFA must treat the plan's SFA for purposes of the minimum funding requirements for multiemployer defined benefit plans (Details will be covered at a later webinar)

# Reinstatement of Suspended Benefits

- Plans receiving SFA must be amended to reinstate previously suspended benefits, to be effective no later than the month in which SFA is paid
- Reinstatement applies to individuals who are participants or beneficiaries as of the month SFA is paid
- For insolvent plans
  - Amendment requirement applies even if plan suspended benefits without adopting a plan amendment
  - The reinstatement applies through the end of the plan year in which the effective date of the SFA occurs
    - In subsequent plan years, the plan must apply Code § 418E by taking into account all plan assets, including the SFA

# Additional Considerations for MPRA Suspensions

- MPRA plans must reinstate all benefits suspended under the MPRA amendment, *regardless* of whether those benefits could have been reduced or eliminated in the absence of the MPRA suspension
- MPRA plan sponsors can choose to reinstate benefits for participants in pay status before receiving SFA
  - Under 26 CFR § 1.432(e)(9)-1(e)(3) a plan sponsor can amend the plan and increase plan liabilities by eliminating some or all of the suspension that applies to participants and beneficiaries in pay status as of the time of the amendment, subject to an equitability test
    - If reinstatement is across the board for participants and beneficiaries in pay status, it will satisfy the equitability test
    - A reinstatement under that provision is specifically carved out of the limitations on benefit improvements prior to submission for SFA

# Make-up Payments for Previously Suspended Benefits

- Plans must be amended to provide make-up payments to individuals who are participants or beneficiaries on (and who have commenced benefits by) the date SFA is paid
- Make-up payments are equal to the total amount of benefits that were not paid to an individual due to the suspension, with no actuarial adjustments for interest
  - Participant make-up payments = total amount of benefits not paid to the participant.
  - Beneficiary make-up payments = total amount of benefits that would have been paid to the beneficiary but for the suspension

# Form and Timing of Make-Up Payments

- Statute permits make-up payments in the form of either a lump sum or equal monthly installments for 5-years
- Plan sponsor determines form of payment
- Timing:
  - Lump sum—payment must be made within 3 months of the date the SFA is paid
  - Installment payments—payments must commence within 3 months of the date the SFA is paid
- Additional rules for installment payments
  - Make-up payments paid as installments are not adjusted for interest
  - Make-up payments paid as installments will continue to be paid even if the individual dies before the end of the 5-year period

# Rollover Eligibility of Make-Up Payments

- Make-up payments that are not eligible rollover distributions:
  - Installment payments
  - Lump sum payments that are less than or equal to the greater of:
    - (1) 10 percent of the annual rate of payment for the annuity, or
    - (2) \$750
- Make-up payments that are eligible rollover distributions:
  - Lump sum payments that exceed the greater of:
    - (1) 10 percent of the annual rate of payment for the annuity, or
    - (2) \$750
  - For these payments, the rollover rules (e.g., direct rollover election/section 402(f) notice/mandatory withholding if not directly rolled over) apply

Webpage: [PBGC.gov/arp-sfa](https://www.pbgc.gov/arp-sfa)

For SFA Practitioner Related Questions:

Email [multiemployerprogram@pbgc.gov](mailto:multiemployerprogram@pbgc.gov)

For Comments to the Interim Final Rule:

Email: [reg.comments@pbgc.gov](mailto:reg.comments@pbgc.gov) or [regulations.gov](https://www.regulations.gov)

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# Thank you!

