

HOUSE BILL

Summary of Provisions

Plans that pass a specified projected solvency test may access the following relief. The test requires plans to have a funded percentage at the end of 15 years (using the actuarial value of assets) that is not less than 90% of the plans' 2009 funded percentage. If so, they may elect (but not sooner than 120 days after enactment) to:

1. Fresh-start the funding standard account and amortize the costs over 30 years; or
2. Amortize the actual market losses suffered in either or both of the two plan years ending after June 30, 2008 in equal annual installments over 30 years.

In addition, all plans may:

1. Elect to extend their funding improvement or rehabilitation period by up to 5 years (net of any extension elected under WRERA)
2. Create alliances (under certain conditions that may be prescribed by the PBGC) of a weaker (allied) plan into a stronger (base plan) provided the base plan is not in endangered or critical status); however,
 - a. The allied plan may remain separate for certain purposes (zone certification, withdrawal liability); and
 - b. Fiduciary standards protecting participants and beneficiaries are not changed.
3. Request that PBGC facilitate a merger, including by providing financial assistance, if the merger:
 - a. Reasonably reduces the likelihood of insolvency of the allied plan(s);
 - b. Is in the interests of participants and beneficiaries of at least one of the plans;
 - c. Is not expected to be adverse to the long-term interests of the participants and beneficiaries of such plan; and
 - d. It does not unreasonably increase the PBGC's risk of loss
4. Utilize 10 year smoothing of their 2008/09 losses
5. Receive blanket relief from IRS sanctions if such plan had pre-PPA amortization extensions under IRC Section 412(e) but missed their asset targets because of the 2008 market losses;
6. Adopt (at the trustees' option) an alternative default schedule for plans in Critical status if such schedule has been adopted in bargaining by groups that comprise at least 75% of the active participants of the plan; and

A transitional rule extending the zone certification date for plans by 45 days after enactment to enable plans to elect the relief provided under the Act is also included.

SENATE BILL

Summary of Provisions

Plans that pass the specified solvency test (requiring that the plan's actuary certifies that the plan is projected to have sufficient assets to cover 30 years of benefit payments) may access the following relief:

1. Amortize the losses suffered in either or both of the two plan years ending after August 31, 2008 in equal annual installments over 30 years
2. 10 year smoothing of the 2008/09 losses
3. 130% actuarial value of asset corridor for two years

Plans taking advantage of the relief are prohibited from improving benefits (other than if they are fully funded by new contributions) for 2 years after the relief is in effect.