

## INITIATIVES TO STRENGTHEN BENEFIT SECURITY UNDER MULTIEMPLOYER PENSION PLANS

To enable plans that are challenged, but deemed solvent in the long run to recover their sound financial footing in the face of the current extreme economic challenges:

1. To make it possible for multiemployer plans to recover from the recent plunge in asset values without threatening the survival of the supporting industries as they try to cope with the economic downturn, give them the opportunity to spread the funding for their liabilities over substantially longer periods by electing to either:
  - a. "Fresh start" the funding for the remaining balances in the funding standard accounts and amortize them over a single 30-year period; or
  - b. Isolate the asset losses incurred during the plan years that ended in 2008 and 2009 and amortize those losses over 30 years;
2. Set reasonable recovery goals for endangered and critical plans by codifying and building upon relief provided in WRERA to extend the statutory funding improvement and rehabilitation periods by five years, across the board (including the three-year extension already provided by WRERA, for those plans that chose it);
3. Enable plans to temper the severity of the impact of the 2008-09 asset losses by widening the actuarial smoothing corridor to 30%, and permitting the use of ten year smoothing of recognized losses for 2008 and 2009 until those losses are fully recognized; and
4. Allow plans that are currently allowed to claim a 5-year automatic amortization extension because they meet solvency and other standards to extend those amortization periods up to 10 years, with an additional 5 years available with IRS approval.

To provide reasonable benefit security for workers and retirees in plans whose solvency is threatened:

5. Back the obligations of the Pension Benefit Guaranty Corporation with the full faith and credit of the United States and adequate capitalization so that it can carry out its mission of assuring a decent retirement income for participants in defined benefit plans without crippling premium increases.
6. Promote multiemployer plan mergers and joint ventures ("alliances") to enable stronger, more cost-efficient combined operations, through technical modifications to funding, fiduciary and related operational constraints and strengthen the authority of the Pension Benefit Guaranty Corporation to facilitate multiemployer plan mergers and "alliances";
7. Strengthen the authority of the Pension Benefit Guaranty Corporation to remove liabilities from (or "partition") a multiemployer plan, so that:
  - a. the remaining plan is restored to health and can continue to meet its pension obligations to its current and future retirees; and
  - b. the participants in the partitioned portion are protected from premature benefit loss by preserving their benefit levels during the period plan assets would otherwise be spent down had the plan experienced immediate insolvency;
8. Update the PBGC guarantee for benefits under multiemployer plans generally, to preserve the value of the modest income assurance that the agency offers to workers, retirees and beneficiaries of multiemployer plans;

9. Enable contributing employers to spread out the impact of sharply rising contributions by issuing “PPA Compliance Bonds” (20 or 30 years) that would be guaranteed by the US Treasury; the proceeds of which would be used to fund required contributions to the multiemployer plan to improve the plans’ viability;
10. Provide a tax credit to employers for up to 3 years, equal to the increase in contributions to a multiemployer plan pursuant to a contribution schedule approved by the trustees of a plan in critical or endangered status, pursuant to the plan rehabilitation or funding improvement plan, provided that the plan is not terminated or benefits under the plan are not frozen during that period, and
11. Make technical and other minor changes to clarify the operation of the special funding rules for multiemployer plans in endangered or critical status