



## Multi-employer Plans Provision

Included in CROMNIBUS Bill

The 2015 CROMNIBUS spending bill that passed Congress and was signed by the President on Tuesday, December 16, 2014 contains a provision that affects certain multi-employer pension plans. The provision allows trustees in multiemployer plans in “critical and declining” status to suspend a portion of the accrued and vested pension benefits of their workers and retirees.

Retirees that are disabled and those 80 years of age and above are exempt from any benefit reductions. Retirees between would 75 and 80 would see partial benefit reductions compared to beneficiaries under 75.

Multi-employer plans that want to reduce or suspend the benefits must obtain approval from the Treasury Department and must comply with the following conditions:

- For plans with 10,000 or more participants, the plan's board of trustees must select a participant in pay status to act as a retiree representative whose role is to advocate for the retired and deferred vested participants throughout the suspension process.
- The plan's actuary must conclude that, with the proposed suspension, the plan will avoid insolvency, and the board of trustees must determine that the plan will become insolvent without the suspension, and that all other reasonable measures to avoid insolvency have been taken.
- The monthly benefit of any participant may not be reduced below 110% of the amount guaranteed by the Pension Benefit Guaranty Corporation (PBGC).
- Plan participants must vote before reductions can be implemented. If the plan participants reject the reductions, the Secretary of the Treasury may still permit the requested suspension, or a modification, to take effect for certain "systemically important" plans – those that pose the greatest financial exposure to the PBGC.
- The insurance premiums that multiemployer plans pay to the PBGC are increased from \$13 to \$26 (in 2015) per participant per year. Thereafter, premium increases are indexed based on the national average wage index.

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