Disability Pension Benefit Changes Explained

On May 31, 2018, the Fund notified participants of certain changes to the Disability Pension Benefit requirements. This notification, called a "Summary of Material Modifications," can be found by **clicking here** or by visiting the **Recent Mailings** page of the AFM-EPF website. The Trustees thought participants would appreciate further background as to the reasons the changes were made.

You can **click here** to view the requirements that were in place before these changes. The Trustees kept these requirements and added two—1) that only participants who are not eligible for a Regular Pension are eligible for a Disability Pension and 2) to impose a "recency" rule, explained below. This *Pension Fund Notes* discusses the reasons for the changes.

Background

As explained in detail in the **Summary of Material Modifications**, the Fund made various changes to the way Disability Pensions are processed in response to new federal regulations effective April 1, 2018, that imposed more stringent and complex requirements for how plans process Disability Pension claims. Because of these new regulations, many pension plans have taken a fresh look at their disability pension rules to ensure that they are clear and allow the plan to administer the benefit efficiently. Many of those plans decided to either eliminate the disability benefit or simply tie eligibility to whether the participant was eligible for a Social Security Disability Benefit.

The Trustees considered tying eligibility to the Social Security Disability Benefit. That would have saved the Fund the time and expense of making a determination itself and the burden of complying with onerous new regulations.

However, the Trustees explicitly rejected this option because that would have required a participant to be unable to work in any field at all in order to receive a Disability Pension. Under the current rule, a participant only has to be unable to work as a musician. The Trustees did not want to deny disability benefits to a participant whose disability prevents him or her from pursuing a career as a musician, simply because the participant could work in a non-musical field.

New Disability Pension Requirements

While the Trustees had no desire to limit the availability of the Disability Pension where it was needed, this fresh look did lead to two eligibility changes.

The first change – eliminating the Disability Pension for those who have reached age 55 and are eligible for a Regular Pension – was made because the Disability Pension provides the same benefit as the Regular Pension. (In fact, if the Participant chooses a survivor benefit, the Regular Pension actually pays slightly more than the Disability Pension.)

The principal difference between the two benefits is that it is more complicated to apply and maintain eligibility for the Disability Pension. To apply for a Disability Pension, a participant must provide evidence of Total Disability as defined in the Plan (i.e., a Social Security Disability award or a medical statement from a physical exam that is evaluated by the Fund's medical advisor). Participants also need to show ongoing proof of disability and limit their annual Covered Earnings to $15,000 to maintain the benefit. This process makes little sense when someone is over 55 and can obtain a virtually identical benefit by simply applying for a Regular Pension.

The second change – requiring that a participant earn at least one year of vesting service in the last three calendar years before starting his or her pension – was made as a result of comparing the Fund's rules to those of other entertainment industry plans. It was found that all other entertainment industry plans have clear "recency rules" that limit eligibility to participants who have worked in Covered Employment within a specific number of years before becoming disabled. A "recency rule" helps to ensure that a disability pension does what it was intended to do—provide support for working musicians who lose their source of income because of their disability.

The Trustees selected a period of three calendar years because some participants—particularly symphonic musicians—have both short-term and long-term disability coverage that pays benefits for a period of time once a disability begins. Using a three-year period for this requirement ensures that these participants can still apply for a Disability Pension Benefit after receiving their employer's benefits.

As you can see, the Trustees had specific reasons for making these changes. It's important to be clear that the Multiemployer Pension Reform Act of 2014 (MPRA) was not the driver. In fact, these changes would have very little impact on any MPRA application, especially because the Trustees did not change the rules to require a Social Security Disability Award.

Again, you can find more information about these changes in the **Summary of Material Modifications** that was sent to participants on May 31, 2018. General information about the Disability Pension Benefit can be found in the **Summary Plan Description**. You can **click here** to go straight to the section about this benefit.

As we have before, we also urge you to visit ***the AFM-EPF website*** *to tell your Members of Congress and the Joint Select Committee on the Solvency of Multiemployer Pension Plans to take action this year to protect the retirement security of all Fund participants.*

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