Treasury Department Opens Public Comment Period for AFM-EPF MPRA Application

House Democrats Introduce Emergency Pension Plan Relief Act

On January 21, the U.S. Treasury Department posted the AFM-EPF's second application to prevent insolvency by reducing benefits through the Multiemployer Pension Reform Act (MPRA). You can **click here** to view the MPRA application. Treasury began accepting public comments on the AFM-EPF's MPRA application on January 20.

Also yesterday, U.S. Reps. **Bobby Scott (D-VA 3rd District)** and **Richard Neal (D-MA 1st District)** separately introduced the Emergency Pension Plan Relief Act, which had previously been included in the Democratic stimulus proposals last year. **Click here** to read about this legislation.

Continue below for more on these two announcements.

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If you wish to submit a comment to the U.S. Treasury Department, **click here** to access the comment page on Regulations.gov. After writing your comment (or uploading it as an attachment), you may identify yourself as an individual and then enter your name, or you may remain anonymous. As mandated by MPRA, the comment period will remain open for 45 days, through March 8.

We encourage participants to submit comments. It was an extremely difficult decision to apply a second time for benefit reductions under MPRA, but it remains essential that we do everything possible to prevent the Plan's insolvency.

Here's why it's so important that the AFM-EPF's MPRA application be approved:

<u>Doing nothing also results in benefit reductions.</u> This isn't a choice between reducing benefits and not reducing benefits. It is a choice between reducing benefits now or more deeply reducing benefits later. Nobody wants to reduce benefits. But, if we don't reduce benefits now and at some point the Plan no longer has sufficient funds, the federal Pension Benefit Guaranty Corporation (PBGC) will step in and provide financial assistance to cover a portion of your pension. However, by law, the benefit that will continue to be paid by the PBGC is capped at a maximum guaranteed amount that is less (sometimes significantly less) than the current benefit for many Plan participants. So, an AFM-EPF insolvency could result in lower benefits than those that would be paid under the Plan's MPRA proposal.

<u>It is also important to note that the PBGC is itself in bad financial condition and it would be risky to rely on its guarantee.</u> Absent a change in the law, the PBGC currently projects its multiemployer insurance program will become insolvent by the end of its 2026 fiscal year. If that happens, the PBGC will not have nearly enough money to pay the benefits it guarantees. Therefore, if our Plan runs out of money, participants' benefits could be less than even the current PBGC guaranteed amount.
Further, if the Plan becomes insolvent and the PBGC provides financial assistance, there are no special protections for those who are over age 75 or receiving a disability pension. Simply put, reducing benefits ourselves now means smaller

cuts than if the Plan becomes insolvent and benefits are limited to the PBGC guarantee.

We can protect the $1.00 multiplier – the core promise of the Plan. Active participants and those who have retired more recently have already made enormous sacrifices to repair the damage done by the 2000-2002 dot-com bubble and the 2008-2009 financial crisis.

The Plan started out in 1959 with a $1.00 multiplier. When times were good, benefit increases, which peaked with a $4.65 multiplier, were applied not only to future earned benefits, but also to benefits earned in the past by retired, active, and terminated vested participants alike. However, when those massive economic crises struck and it was necessary to adjust the multiplier downward and increase employer contributions, those changes—by law—could only apply going forward. We owe it to more recent retirees and active participants to do everything necessary to ensure that our Plan continues to honor its core promise—the Regular Pension Benefit earned at the $1.00 multiplier.

Saving the Plan is the right thing to do for the good of all participants. The economic impact of the COVID-19 pandemic hurts those in the performing arts more than most, and recovery will take time. In the face of so much uncertainty, the imperative to take action now to protect benefits as much as possible is even more urgent. By making this collective sacrifice now, we are doing our best to secure the future of the Plan for everyone—current and future retirees.

House Democrats Introduce Emergency Pension Plan Relief Act

With a new President and Congress now in office, the AFM-EPF is joining other multiemployer plans, unions and employers to advocate for swift passage of legislation to address the multiemployer pension crisis. Yesterday, U.S. Reps. **Bobby Scott (D-VA 3rd District)** and **Richard Neal (D-MA 1st District)** separately introduced the Emergency Pension Plan Relief Act, which had previously been included in the Democratic stimulus proposals last year.

This proposed legislation would allow struggling multiemployer pension plans – including the AFM-EPF – to "partition" in order to remain solvent in the future. The partition would transfer a portion of participants' benefit liabilities to a second plan that is still administered by the original plan's trustees, but funded by the PBGC. The legislation would also provide government funding to the PBGC to pay participants' benefits, and it would avoid benefit reductions and other measures that would harm multiemployer plans and participants. We welcome this early step in the right direction by the new Congress.

As we've discussed in previous issues of *Pension Fund Notes*, the Trustees strongly support this legislation. Yet, we must also do everything possible to support our MPRA application's approval because it remains the only way to save the Plan under current law. As always, if legislation is enacted that allows us to withdraw our MPRA application or roll back benefit reductions while still avoiding insolvency, then the Trustees plan to pursue that course.

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We will continue to keep participants informed throughout the MPRA process. For more information, visit the **FAQ page** and the **MPRA Benefit Reductions page** under the "Stay Informed" tab on the Plan's website at **www.afm-epf.org**.
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