EAR

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ELI GREENBLUM

Academy, IRS Discuss 2009 Agenda

WITH THE WORKER, Retiree, and Employer Recovery Act of 2008 (WRERA) now on the books and issues related to the Pension Protection Act of 2006 (PPA) still unsettled, the Academy's Multiemployer Subcommittee met with the Internal Revenue Service (IRS) on March 6 to discuss future federal regulations. The Academy group requested the meeting, which was the first of its kind for the subcommittee, in order to assist the IRS in its regulatory role by drawing on actuarial experiences working with a wide range of plans.

The IRS representatives signaled that guidance on WRERA elections and notices would be forthcoming shortly, since the agency understood that many plans expect to utilize these provisions this spring. However, the Academy group cautioned the IRS not to force plans to make hasty decisions on use of the statutory relief.

A main priority on the IRS multiemployer agenda is regulation that will cover sponsor actions and actuarial responsibilities for plans in critical or endangered (aka, red or yellow zone) status. These regulations, intended to answer several important questions that attorneys and actuaries have identified, will be proposed after they clear the approval process, which has been slow because of the focus on economic stimulus and the Treasury positions that are still vacant with the change in presidential administrations. Finalization (or revised proposals) for the first tranche of PPA regulations, proposed

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HAL TEPFER

WRERA for the Multiemployer Actuary

ONE DEFINITION OF THE WORD "RAWER" is "lacking experience or understanding." Coincidentally, scramble the letters and you get WRERA (the Worker, Retiree, and Employer Recovery Act of 2008), which may cause a lack of understanding of the rules set forth by the Pension Protection Act of 2006 (PPA) and for which pension actuaries have no experience. Yet.

WRERA was signed into law on Dec. 23, 2008, and pension actuaries who practice in the multiemployer world have been analyzing and dissecting it raw for the past few months.

Main Effect on Multiemployer Plans

WRERA's provisions for multiemployer pension plans allow them some relief from PPA's rules—but only for 2009 plan years. This relief will give multiemployer plans more time to recover from the market declines incurred in 2008. One of the most important changes was to allow trustees to elect to have the plan's funded status for plan years that begin during the period Oct. 1, 2008, through Sept. 30, 2009, be the same as the plan's funded status for the prior plan year. It is important to note that this is an election that requires trustee authorization.

Trustees of calendar-year plans that were endangered in 2008 and would fall to critical status in 2009 can elect to have endangered status continue to apply in 2009. Similarly, trustees of plans that were safe in 2008 but for which the fund's actuary would have certified to be endangered,

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EDITOR
Tom Terry

CONTRIBUTING EDITORS
Andrew Eisner
Bruce Gaffney
James Kenney
Hal Tepfer
Frank Todisco
James Turpin

MANAGING EDITOR
Tim Dougherty
editor@actuary.org

MARKETING AND PUBLICATIONS PRODUCTION MANAGER
Cindy Johns

PUBLICATION DESIGN AND PRODUCTION
BonoTom Studio Inc.

FRANK TODISCO

The PBGC and the Future of DB Plans

THE FATE OF THE DEFINED BENEFIT (DB) pension system is inextricably linked with that of the Pension Benefit Guaranty Corp. (PBGC). Since its establishment with the passage of the Employee Retirement Security Income Act (ERISA) in 1974, the PBGC has served as the backstop to the DB system. But alarm over the agency's actual and potential deficit parallels concerns over the volatile funded status of DB plans and their decline in number and active coverage.

The release of the PBGC's most recent financial results (for its fiscal year ending Sept. 30, 2008) and the subsequent crystallization of a national financial crisis provide an apt moment for reviewing the status of the insurance program, as well as some of the associated concerns, controversies, criticisms, and calls for reform.

The Numbers

The PBGC reported a deficit of $11 billion as of Sept. 30—most of which represents the excess of the actuarial present value of benefits owed by the agency over the market value of its assets. (It also includes estimated net claims for "probable terminations," which accounted for $3 billion of the total.)

The agency's reported financial status hit a high-water mark in 2000, at a *surplus* of $10 billion, and a low-water mark four years later, following the bankruptcies of several major steel and airline companies, at a deficit of $24 billion. Since 2004, the deficit has steadily improved to its current $11 billion.

By post-Troubled-Asset-Relief-Program standards, the $11 billion deficit almost seems like chump change. Nonetheless, the larger concern is what might happen next. In the current economic crisis, the big unknown is the level of new claims that might hit the PBGC over the next couple of years. Will it be relatively manageable, or will it raise the agency's deficit to a new order of magnitude?

The PBGC's financial statements include footnote disclosure of estimated "reasonably possible" additional exposure, the latest estimate being $47 billion, down from $66 billion a year earlier. This amount reflects economic conditions as of Dec. 31, 2007—prior to the financial meltdown.

But new claims on the PBGC are notoriously difficult to predict, certainly in the short term but even over the long term. The agency's claims tend to be highly concentrated in a small number of terminated plans. Earthquake insurance is an apt, if imperfect, analogy.

The agency's annual report includes stochastic projections of its financial position 10 years out. The most recent estimates, based on market conditions at the end of November 2008, show a median deficit in 2018 of $23 billion. The 5th percentile deficit is $98 billion, while the 95th percentile shows a surplus of $36 billion. In fact, about a quarter of the scenarios end in surplus, while at the other end of the distribution, a long tail extends into deficits in excess of $200 billion.

New Investment Policy

In February 2008, the PBGC adopted a new target investment policy that would allocate 50 percent of assets to equities (45 percent public, 5 percent private). The agency has taken a "careful and deliberate" approach to implementation, so that public equities, which constituted 32 percent of assets at the end of September 2007, were still only 27 percent of assets at the end of September 2008.

The new policy has been sharply criticized in some quarters, with the primary critique focusing on the correlation between equity returns and new claims on the PBGC: When the economy is down, the PBGC's deficit could suffer a double whammy, from the reduced value of its own equity holdings and from an increased inci-

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dence of financially troubled companies with underfunded plans. Support for the new policy is based on the higher expected return of equities over bonds and a belief that the appropriate time horizon for the PBGC is the long term, over multiple business cycles, not shorter-term fluctuations in the surplus or deficit.

Proposed Reforms

The PBGC is an insurer without the policymaking latitude of a private insurance company—leaving the stewards of the program a sometimes thankless task. It can neither decline coverage nor reinsure its exposure. In fact, the de facto reinsurer may be taxpayers.

Most significantly, the agency can set neither the level nor the structure of premium rates, which are determined by Congress. It is well understood that premiums based on actuarial principles would reflect a combination of risk factors: the funded status of the pension plan; the asset allocation of the pension plan; and the financial health, financial volatility (including correlation with plan financials), and size (relative to the size of the plan) of the plan sponsor. The current premium structure reflects only the first of these risk factors.

As the agency's projections attest, the tremendous uncertainty of future claims means that the program, even as currently structured, could potentially move back into surplus at some point in the future—but that same uncertainty carries with it a significant risk of crippling deficits. While the program has been in existence for over 30 years now, many have questioned its long-term viability and have worried about the need for a government bailout in the years ahead. Others are concerned that the very existence of the PBGC gives plan sponsors an incentive to take excessive equity risk. Reform proposals have included the following ideas:

- Having the government pay off the legacy deficit, and going forward with some of the other changes listed below.
- Further raising premiums.
- Establishing a premium structure that more fully reflects the key actuarial risk factors.
- Reforming bankruptcy law to give pension plans a higher priority claim on corporate assets. (The Academy advocated such a change in a May 2006 commentary in the run-up to the PPA, and the Obama administration takes such a position on the White House website.)
- Establishing tougher funding rules for underfunded plans and/or more liberal rules for allowing overfunding—in other words, going even further with the changes made in PPA.

With any package of reforms, a key question is whether it would drive plan sponsors out of the DB system. Would higher premiums have that effect? Maybe, maybe not—it's an empirical question. For example, is the current flat-rate premium of $34 per participant per year really material enough to affect such decisions? Reform of the premium structure or of bankruptcy law could chase plan sponsors out of equities (in the latter case, through pressure from general creditors); would that also lead them to flee the whole DB system? Would tougher funding rules drive out plan sponsors, who, after all, have been pleading for a *loosening* of current rules? What about the effect of risk-based premiums kicking in at a time when plan sponsors may be least able to pay?

Conclusion

The problems of the PBGC are of concern to anyone worried about the DB system, as they affect the credibility of these plans in the public eye. It is also well to remember that for all the flaws of the pension insurance program, ERISA was enacted and the PBGC established as a result of large-scale, demonstrated "market failure," to use the parlance of economics, with participants losing anticipated benefits en masse; in terms of benefit security, what we have now is a vast improvement over what we had then. As actuaries, we should continue working to identify risks inherent in the current system of pension insurance and exploring means of improving its structural soundness.

References—PBGC publications: *2008 Annual Report; Pension Insurance Data Book 2007*

FRANK TODISCO *is the Academy's senior pension fellow.*

Make Sure You're Receiving E-mail Notification of the *Enrolled Actuaries Report*

If you're an enrolled actuary and didn't receive e-mails notifying you that the spring issue of the *EAR* was online, then the Academy doesn't have your correct e-mail information. You can verify your contact information on the Academy's member log-in page. Non-Academy members can send an e-mail to membership@actuary.org. Also, don't forget to check your personal account settings on your log-in page to make sure you have allowed the Academy to notify you of its publications via e-mail.

Correction

The 2009 Social Security figures in the print edition of the Winter 2008 *Enrolled Actuaries Report* contained a typographical error. As correctly stated in an Oct. 17, 2008, Academy Alert, the old-law wage base, for indexing PBGC maximum, etc., for 2009 is $79,200, and the old-law wage base for 2008 is $75,900. To see the complete 2009 Social Security figures, please refer to the corrected online issue of the *EAR*.

TOM SCHRYER

Asset Smoothing Under PPA

The recent abrupt decrease in asset values is going to force the actuaries serving traditional pension plans to reconsider using allowable asset smoothing methods to set minimum funding requirements. Regulations and seminars on asset smoothing over the past two years have omitted a few important concerns, so now is a good time to consider the finer points.

Bias

Smoothed asset values can be expected to average roughly 98 percent of market value over the long term. There had been a much more severe "bias" in the original methodology described in the Pension Protection Act of 2006 (PPA), as interpreted by the Internal Revenue Service, but the recent technical corrections in the Worker, Retiree, and Employer Recovery Act of 2008 (WRERA) have helped. Those corrections reinstalled the traditional usage of an expected rate of investment return in the calculation of the smoothed asset value. However, since such assumed rate of return is limited to the third segment rate, basically a yield on bonds, a bias persists for plans with significant investments in equities.

The actuarial profession has developed actuarial standards of practice (ASOPs). One of those (Section 3.4.1 of ASOP No. 44, *Selection and Use of Asset Valuation Methods for Pension Valuations*) says that "if the asset valuation method has significant systematic bias, the actuary should disclose such bias." Assuming a two-year averaging period for asset values, 8 percent returns, and 6 percent segment rates, the smoothed asset value can be expected to average 98 percent of market values over the long haul. Is a 2 percent average understatement "significant"? It probably is to a plan sponsor, so actuaries need to discuss that with each plan's sponsor well before any decision is made. Given today's depressed asset values, the actual bias could average considerably more than 2 percent over the next several years of its operation (assuming asset values recover).

Section 4.1.5 of ASOP 44 includes a sample disclosure, but actuaries should probably go beyond that and try to quantify the understatement, at least initially. Reports could include, for example, "A characteristic of this asset valuation method is that due to legal constraints it is expected to produce an actuarial value of assets that can be expected to be, on average, approximately 98 percent of the market value." Disclosure might be appropriate every time the smoothing method is used in correspondence, but Section 3.1.2 of ASOP No. 41, *Actuarial Communications*, says prior "communications that are available to the intended audience may be incorporated by reference."

Actuaries have to follow the law, and Section 4.6 of the *Introduction to the ASOPs* says that to the "extent that a law … requires such deviation," we may follow the law as long as we make "the disclosures related to the deviation required in such ASOP."

Long-term Return

Asset smoothing's downside is that, over the long term, it can decrease the plan's average return on assets. Each actuary should "substitute facts for impressions" in this regard, using stochastic forecasting, etc. Consider a funding policy in which the sponsor makes contributions equal to the excess, if any, of 100 percent of the PPA liability over the market value of assets each year. A plan sponsor following such a policy would "buy low" since larger contributions would be made in depressed markets—and "sell high" in overheated markets since assets would be sold to make benefit payouts but no contributions would be made. This result should be true to a lesser degree even for sponsors who decide to meet minimum funding requirements using the market value of the plan's assets. Note that an element of market timing would be involved in these approaches and contributions would need to be made quickly after the valuation date to optimize returns.

On the other hand, asset smoothing helps stabilize the contribution requirement. It also probably helps keep the sponsor's burden from increasing even more in bad times (like today) and keeps it from decreasing unduly when times are good.

Notice 2009-22, issued in March, provides detailed guidance on how smoothing methods should be applied. In particular, it provides automatic approval for a change in method for 2009. However, once an actuary is convinced that the smoothed asset value is obviously equal to the limit of 110 percent of the market value, preliminary calculations can be made without having to gear up for all the details. The market value for this purpose includes receivable contributions for the prior plan year, discounted if performing valuations for plan years beginning after 2008.

TOM SCHRYER *is a consulting actuary with Findley Davies Inc. in Cleveland.*

JAMES KENNEY

Saving Private Pensions

The recent financial crisis has demonstrated clearly the fallacy of transferring investment risk to employees in retirement plans. The law of large numbers, the fundamental principle of actuarial science, simply does not work on an individual level. While younger employees may have time to outlast the huge drop in their 401(k) accounts, workers close to retirement have seen their "retirement security" turn to ashes and their dreams of golden years turn into a nightmare of endless poverty.

Even more insidious is the likelihood of unexpected longevity draining retirement accounts prematurely, turning what should be a blessing into a curse.

These are the drawbacks of a retirement system based on an account balance approach. On the microeconomic level, it means insecurity, anxiety, and risk, at a time when the individual is least able to bear such risk. On a macroeconomic level, it means a nation forced to choose between abandoning its elderly to poverty or developing expensive new programs to lift them up again.

This is the dilemma into which the demise of the private pension system has led us. The 401(k) plan will not, and cannot, lead us to national retirement security. One leg of the famous three-legged stool has been sawed in half.

But how can we possibly reverse the flood of forces that have led companies to replace their defined benefit plans with 401(k) plans? What company in its right mind would establish a new defined benefit pension plan in the current environment?

I suggest a simple change to our tax code could reverse this trend. I propose that contributions to defined benefit plans be deductible at 125 percent of the amount contributed. This would provide an incentive for corporations to take back the investment and longevity risks from their employees. Consider the extra 25 percent deduction as a "risk premium" paid to employers by a nation eager to return to a more secure retirement system, in order to avoid the problems that would be created by massive numbers of impoverished retirees.

Someday this particular crisis will be over, but the lessons to be learned will endure. Putting the security of a generation of workers at risk due to economic factors beyond their control is not only poor public policy; it simply doesn't make sense from the fundamental principle of the law of large numbers.

Editor's Note: The opinions expressed in this column are those of the author and do not necessarily represent the views of the Academy. JAMES KENNEY, *a pension consultant in Berkeley, Calif., is a contributing editor to the* EAR.

Spring Forward to Summer

In the summer issue of the *EAR*, former Academy Pension Fellow Ron Gebhardtsbauer will analyze current pension law and offer his own suggestions for how to fix the private pension system.

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in early 2008, is likely to follow after that.

In addition, actuaries should expect to see a revised version of Revenue Procedure 08-67 that will identify in better detail the material the IRS wants in regard to an actuarial certification that a plan qualifies for so-called "automatic" amortization extensions under Internal Revenue Code 431(d). The IRS indicated that approvals were starting to flow in by early March, but some of the applications do not cover the full range of items that are needed. Actuaries are encouraged to submit comments on the current revenue procedure so that they can be taken into account in the new version.

The IRS also made it clear that additional instructions will be provided to enable actuaries to properly complete some of the new items on Schedule M-B to the annual Form 5500 filing, specifically the determination of whether a plan is making the scheduled progress in a funding improvement or rehabilitation plan. Finally, the subcommittee was asked to consider whether, given the stark economic situation, regulations may eventually be needed under the Section 418 reorganization provisions of the code. (Comments may be submitted to Jessica Thomas, the Academy's pension policy analyst, at thomas@actuary.org.)

Academy attendance was high for the meeting, as members came out in full force. Representing the Academy were 11 subcommittee members (including four by conference call), as well as Academy Senior Pension Fellow Frank Todisco and Thomas. From the IRS, Harlan Weller, James Holland, Marty Pippins, David Ziegler (all Academy members), and three attorneys participated. The subcommittee hopes to continue these meetings in the future.

ELI GREENBLUM, *senior vice president and actuary with the Segal Co. in Washington, is chairperson of the Academy's Multiemployer Subcommittee.*

FRANCIS CARBERRY

Shining Light on Uncommon Compliance Issues

The following summary from last year's Enrolled Actuaries Meeting offers a glimpse at what's to come later this month. For more information on the 2009 EA Meeting, see Page 8.

In addition to the many rules and regulations that consulting actuaries consider on a regular basis, there are a number of compliance areas that can catch practitioners by surprise. These can be situations that rarely occur or are new rules introduced by the Pension Protection Act (PPA). Tonya Manning, chief actuary for U.S. retirement with Aon Consulting, and Donald Segal, vice president for JPMorgan Compensation and Benefit Strategies and former Academy vice president for pension issues, led a session at the 2008 Enrolled Actuaries Meeting that highlighted some of these lesser-known or new issues.

The first topic discussed was current liability. Although the PPA changed the funding rules and eliminated the use of current liability, the concept still exists in the Internal Revenue Code. For example, the potential restriction on benefits to the 25 highest-paid employees references current liability (and was not changed by the PPA). Does current liability need to be calculated going forward? The panelists did mention that the Internal Revenue Service (IRS) addresses this in the *2008 Gray Book* (Question 30), which stated that it would be reasonable to use the old definition of current liability or to replace current liability with the new PPA funding target.

Another topic discussed was the timing of contributions. The liquidity requirements of Section 412(m)(5) could increase quarterly contribution requirements, particularly if a plan is shrinking in size (e.g., a frozen plan) and pays a large number of lump sums. The panelists also mentioned other nuances of the contribution rules. For example, a short plan year can change the due dates for quarterly contributions, and the "Saturday, Sunday, and holiday" rule does not apply to contribution due dates, only to form filings.

One change made by the PPA regards the treatment of mid-year plan amendments. Previously, under Revenue Ruling 77-2, the enrolled actuary had discretion to apply the impact of the amendment in the current or following valuation year. The PPA provides that the full increase in liability must be taken into account as of the beginning of the valuation year, without an allowance to prorate.

Another topic discussed was Section 415(b)(1)(B), which limits benefits to 100 percent of the average of the highest three years of pay. Unlike the dollar limit of Section 415(b)(1)(A), no adjustment is made for late retirement. Therefore, older employees can run into this limit if the plan adjusts benefits for late retirement. Comments from the IRS have indicated that this is not a cutback of benefits under Section 411(d)(6) because the plan could allow such participants to commence benefits prior to reaching the limit.

According to the panelists, one of the leading compliance errors relates to lump sum elections. Specifically, plans must provide the option of an immediate annuity. A plan must receive the consent of the spouse to waive the immediate annuity in lieu of a lump sum payment. The spouse can agree to waive the immediate annuity only and not the annuity payable at a future date.

Also with respect to lump sums, the PPA added that lump sum payments are restricted if a plan's adjusted funding target attainment percentage is between 60 percent and 80 percent. Generally, plans may only pay one-half of the lump sum but not more than the Pension Benefit Guaranty Corp.'s guarantee limit. The restrictions on distributions to the 25 highest-paid employees still apply. The PPA did not change the requirement that the minimum lump sum provided must be equal to the present value of the accrued benefit at normal retirement age, using the assumptions under Section 417(e). (A plan may, however, pay a lump sum benefit on some different basis as long as the minimum is met.) But the change in Section 417(e) to use segmented interest rates does add complexity in determining factors at non-integer ages.

Highlights of other topics included the minimum distribution incidental benefit and the need to watch the percentage payable to a non-spouse beneficiary if significantly younger than the participant (see Reg. 1.401(a)(9)-6); deferrals under 401(k) plans and how the percent-of-pay contribution interacts with the deferral dollar limit and the pay cap; plan freezes, including some that may be partial plan terminations requiring vesting if there is a potential for an asset reversion to the employer; and a discussion of the new filing requirements under Section 4010 of the Employee Retirement Income Security Act (based on 80 percent funding instead of a $50 million shortfall).

FRANCIS CARBERRY *is a vice president and senior consulting actuary for Diversified Investment Advisors in Newton, Mass.*

seriously endangered, or critical in 2009 can elect to continue to be treated as safe in 2009. That would mean the rules for funding improvement plans and rehabilitation plans for 2009 won't apply for such funds until the 2010 plan year at the earliest. (This presumes that such funds are not safe in 2010 and that PPA is not further modified before that time.)

If a multiemployer fund has a plan year that begins between Oct. 1, 2008, and Dec. 31, 2008—and, therefore, was not required to have had a funded-status certification by the end of 2008—it can still make use of WRERA's relief. Trustees of such plans can elect to base funding status using the preceding plan year's status by assuming that WRERA's rules applied to that preceding year. For example, a plan whose plan year began Nov. 1, 2008, can apply PPA's calculation to the plan year that began Nov. 1, 2007. If the plan would have been safe for the Nov. 1, 2007, plan year but would not be safe for the Nov. 1, 2008, plan year, the trustees can elect to classify the plan as safe.

Although it might seem like making such an election is a no-brainer, in some circumstances it may not be in the fund's best interest to make this election. For example, if the trustees make such an election and pass up the ability to make changes (as required under an endangered status funding improvement plan or a critical status rehabilitation plan), a fund's financial condition could worsen for 2010 and beyond when compared to the potential financial condition had such an election not been made. The decision to maintain the 2008 status in 2009 is an important one—and one that actuaries should assist trustees in making.

Submitting Notices

If a plan's trustees elect a status freeze, participants, beneficiaries, bargaining parties, the Pension Benefit Guaranty Corp., and the Department of Labor (DOL) must be sent a notice of the election. (If a freeze is elected before the actuary certifies to the funded status for the 2009 year, notice must be sent no later than 30 days after certification. If a freeze is elected after the actuary certifies to the funded status for the 2009 plan year, notice must be sent 30 days after the trustees' election.) Other information (required by the IRS/DOL and not yet defined) will also have to be included with the notice.

If a plan is safe due to this election, the trustees are not required to provide PPA's notice of endangered status or the notice of critical status to participants, beneficiaries, bargaining parties, the IRS, or the DOL. But if the plan would have been in critical status but is in endangered status solely due to this election, the trustees must provide participants, beneficiaries, bargaining parties, the IRS, and the DOL a notice of endangered status.

Other Provisions Affecting Multiemployer Plans

Much like Germany's winding Werra River, WRERA also brings some twists and turns to the operation of multiemployer plans in 2009.

Excise tax for funding deficiency avoided: If a fund would have been critical in 2009 (even though the fund's trustees elect WRERA's relief provisions), the fund can avoid excise tax penalties for having a funding deficiency for the year. If the fund actuary certifies that the plan is critical for the plan year beginning in 2009 but the trustees elect to use WRERA's relief rules for stating the plan's 2009 status, the plan will be treated (by the IRS) as critical for purposes of PPA's provisions that waive the excise tax on employers for funding deficiencies.

Funding improvement plan and rehabilitation plan updates for 2009 suspended: A plan whose status was endangered or critical for 2008 was required (by PPA) to have its funding improvement plan or rehabilitation plan reviewed—and potentially revised—for 2009. WRERA waives this requirement, which means that such a plan will not be forced to reflect the asset losses the plan had in 2008.

Funding improvement plan and rehabilitation plan extended: WRERA lengthens the correction period under each

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Summary of 2009 status freeze

If the plan had this funded status in 2008...	...and the actuary would have certified the plan to have this funded status in 2009....	...the trustees can elect to have this funded status in 2009 instead...	...and this notice must be sent to all required parties and agencies...
Safe	Endangered	Safe	Notice of Election
Safe	Seriously Endangered	Safe	Notice of Election
Safe	Critical	Safe	Notice of Election
Endangered	Seriously Endangered	Endangered	Notice of Endangered Status, including Notice of Election
Endangered	Critical	Endangered	Notice of Endangered Status, including Notice of Election
Seriously Endangered	Critical	Seriously Endangered	Notice of Endangered Status, including Notice of Election

of these to 13 years. (PPA used 10 years.) Seriously endangered plans have 18 years (up from 15 years under PPA). These changes mean that plans have three additional years to recover from 2008 financial losses.

Default schedule for funding improvement plans and rehabilitation plans applied: WRERA applies the default schedule (under PPA) if the bargaining parties do not adopt a funding improvement plan or rehabilitation plan (whichever is needed) within 180 days after the expiration of the collective bargaining agreement that was in effect when the plan was certified as endangered or critical. Any contribution increases due under the default schedule are treated as contributions due and owing under the plan. The plan can sue to collect those contributions under ERISA in the same way and under the same rules that apply to bargained contributions—and can collect contributions, plus interest, plus a penalty.

Lump sum distribution restrictions limited: WRERA applies the restriction on lump sum or other accelerated forms of distribution only to participants whose benefit commencement date is after the notice of critical status has been provided.

So, as multiemployer plan actuaries find their analyses getting more and more raw (or perhaps rawer), it's important to remember that this is (currently) a one-year break. The future funding of a multiemployer fund does not depend on what funded status the fund has, so actuaries should continue to work with trustees to ensure that the implications of decisions the trustees make are clearly understood.

HAL TEPFER, *principal for the Savitz Organization of Massachusetts in Newton, Mass., is a contributing editor of the* EAR.