

PENSION ISSUES

Alert No. 2021-P-2

July 13, 2021

IRS Issues Guidance for Sponsors of Multiemployer Pension Plans PBGC Interim Final Rule Posted in Federal Register

On July 9, 2021, the Internal Revenue Service (IRS) issued guidance in [Notice 2021-38](#) on requirements for sponsors of multiemployer pension plans. The guidance, pursuant to provisions of the American Rescue Plan enacted earlier this year regarding special financial assistance (SFA) to troubled multiemployer pension plans, relates to the reinstatement of previously suspended pension benefits as a condition that eligible multiemployer plans must meet if they receive SFA. The IRS guidance also addresses the individual income tax treatment of make-up payments and how plans that receive SFA funds must treat the SFA account for purposes of the minimum funding requirements for multiemployer defined benefit (DB) plans.

As reported in [Academy Alert No. 2021-P-1](#), an [interim final rule](#) was also announced July 9 by the Pension Benefit Guaranty Corporation (PBGC) implementing the "Special Financial Assistance (SFA) Program for Financially Troubled Multiemployer Plans." The SFA program is expected to provide \$94 billion to eligible severely underfunded multiemployer defined benefit pension plans. Under the IRS guidance, sponsors of multiemployer plans are required to reinstate certain previously suspended benefits as a condition of receiving SFA funds from the PBGC.

The PBGC interim final rule was effective yesterday, July 12, 2021, and is open for a 30-day public comment period ending August 11 as noticed in yesterday's [Federal Register](#).

If you have any questions regarding this *Academy Alert*, please contact Philip Maguire, pension policy analyst (maguire@actuary.org; 202-785-7868).

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