



Pennsylvania Conference of Teamsters

Strength in Numbers 95,000

LEGISLATIVE ACTION ALERT

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multiemployer pension plans



FOR IMMEDIATE RELEASE

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WASHINGTON, D.C. — The Pension Benefit Guaranty Corporation (PBGC) announced today that it has approved its first multiemployer plan application under the [Special Financial Assistance \(SFA\) Program](#) created by the American Rescue Plan Act of 2021 (ARP).

“PBGC’s approval of the first application for special financial assistance is a major milestone in implementing the American Rescue Plan Act. The SFA Program is estimated to protect the benefits of 3 million people in over 250 multiemployer pension plans that are severely underfunded,” said PBGC Director Gordon Hartogensis. “This is a significant advancement of PBGC’s mission to provide retirement security for America’s workers, retirees, and their families.”

The Local 138 Pension Plan (Local 138) based in Baldwin, N.Y., which covers 1,723 participants in the transportation industry, will receive \$112.6 million in special financial assistance, including interest to the expected date of payment to the plan.

The plan had been projected to run out of money in 2022. Without the Special Financial Assistance Program, Local 138 would have been required to reduce participants’ benefits to the PBGC guarantee levels upon plan insolvency, which is roughly 20 percent below the benefits payable under the terms of the plan. Special financial assistance will enable the plan to continue to pay retirees’ benefits without reduction for many years into the future.

“Today more than 1,700 workers, retirees and their families will go to sleep easier knowing the secure retirement they were promised will exist for many years to come,” said U.S. Secretary of Labor Marty Walsh, who serves as Chair of the Pension Benefit Guaranty Corporation Board of Directors. “These are the first of an estimated 3 million

Americans who will have the secure retirement they worked for delivered thanks to the Biden-Harris Administration's American Rescue Plan.”

Since the SFA Program launched on July 9, 2021, 20 eligible plans have submitted applications for PBGC review and approval.

About the Special Financial Assistance Program

ARP allows certain financially troubled multiemployer pension plans to apply for special financial assistance.

The SFA Program requires plans to demonstrate eligibility for special financial assistance and to calculate the amount of assistance pursuant to ARP and PBGC's regulations. A plan may use the funds only to pay plan benefits and administrative expenses. SFA and earnings thereon must be segregated from other plan assets and plans are not obligated to repay SFA to PBGC. Plans receiving SFA are also subject to certain conditions and reporting requirements, including an annual statement documenting its compliance with the terms and conditions. PBGC is authorized to conduct periodic audits of multiemployer plans that receive SFA.

The Special Financial Assistance Program operates under an Interim Final Rule which was published in the Federal Register on July 12, 2021. The Interim Final Rule included a request for public comments, with an emphasis on feedback where any additional guidance may be needed. PBGC is currently reviewing those comments and may incorporate changes in the Final Rule in response to comments that PBGC received.