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LEGISLATIVE ACTION ALERT



PENSION BENEFIT GUARANTY CORPORATION A US GOVERNMENT AGENCY

PBGC to Provide Early Financial Assistance to Furniture Workers Multiemployer Pension Plan

FOR IMMEDIATE RELEASE
September 1, 2017

WASHINGTON – The Pension Benefit Guaranty Corporation announced that it has approved a partition application and will provide early financial assistance to the United Furniture Workers Pension Fund A, a Nashville-based multiemployer pension plan that covers nearly 10,000 participants. The early financial assistance from PBGC, together with benefit reductions that are required as a condition for receiving PBGC assistance, will help the plan to avoid insolvency and to pay benefits to participants.

The U.S. Department of the Treasury approved a related application submitted by the plan for the required benefit reductions and certified the results of a participant vote on the plan's benefit reduction proposal. PBGC's approval of the partition and early financial assistance is the first under the Multiemployer Pension Reform Act of 2014 (MPRA), which rewrote the rules for partition.

Under MPRA, troubled multiemployer pension plans that face insolvency are permitted to apply for benefit reductions and, if necessary, early financial assistance from PBGC to extend their financial viability.

In its applications to Treasury and PBGC, the plan trustees said that the fund was in critical and declining status, that the plan's assets and future income are insufficient to pay promised benefits, and that the plan would run out of money in 2021.

Under the partition, PBGC provides early financial assistance by moving a portion of the plan's guaranteed benefit obligations to a new, separate plan that will have its costs reimbursed by PBGC. This will relieve some of the financial burden on the United Furniture Workers Fund and enable it to avoid insolvency. Plan participants whose benefits are moved to the new plan will be treated the same as participants whose benefits remain entirely in the original plan.

Under the law, benefits of 7,100 participants will not be reduced, because the participant is aged or disabled or has benefits that are not more than 10% greater than PBGC guarantees would provide. The remaining 2,800 participants will see future benefit reductions to 110% of the PBGC guaranteed amount, averaging a 12.7 percent cut in benefits. For more information on how partition works see [Multiemployer Plans and Partition](#) on PBGC.gov. Plan participants can find additional information about the partition on the [United Furniture Workers Pension Fund A FAQs page](#).

About PBGC

PBGC protects the pension benefits of nearly 40 million Americans in private-sector pension plans. The agency operates two separate insurance programs -- one covering pension plans sponsored by a single employer and another covering multiemployer pension plans, which are sponsored by more than one employer and maintained under collective bargaining agreements. PBGC is currently responsible for the benefits of about 1.5 million people in failed pension plans. PBGC receives no taxpayer dollars. Its operations are financed by insurance premiums, investment income, and, for the single-employer program, assets and recoveries from failed single-employer plans. For more information, visit [PBGC.gov](#).

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