

## PBGC Finalizes Multiemployer Partition Rules

PBGC has adopted its previously issued interim final rule on multiemployer plan partitions, with few changes, as a final regulation.

### Background

Under the Multiemployer Pension Reform Act of 2014 (MPRA) signed into law by President Obama on December 16, 2014, the PBGC has authority to partition a plan upon application from a plan sponsor. A partition is a process by which a plan transfers to a newly created successor plan the minimum amount of plan liabilities necessary for the partitioned (original) plan to remain solvent. Participants receive the PBGC guaranteed portion of their benefit from the successor plan and a residual benefit from the original plan equal to the excess of their monthly benefits over the guaranteed benefit paid by the PBGC. The option is only available when the maximum suspensions under other MPRA rules are not sufficient to ensure the plan's long-term solvency.

Our [June 29, 2015 For Your Information](#) provides an overview of the plans eligible for this treatment and the PBGC's interim final rule about the process for obtaining approval to proceed with implementing a partition.

### Rule is Now Final

PBGC published its [final regulation](#) on December 23, 2015. Minor modifications were made to data requirements and procedural rules. For example, the final regulation adds a requirement for the PBGC to provide notice within 14 days of an application to identify any missing information or to inform parties that the application is complete. This notice marks the start of its 270-day review period.

### In Closing

Although an important tool for some multiemployer plans, PBGC estimates that only six plans per year will approach them about implementing partitions during the next three years.



**Authors**

Marjorie Martin, EA, FSPA, MAAA

Stephen B. Siepman, FSA, EA, MAAA

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