

## Treasury Modifies Multiemployer Benefit Suspension Procedures

The Treasury Department has revised its application procedures for multiemployer defined benefit pension plans in critical and declining status seeking to suspend benefits. The revised procedures are effective for applications submitted on or after September 1, 2017, and are intended to facilitate the department's review in light of its experience processing benefit suspension applications.

### Background

The Multiemployer Pension Reform Act of 2014 (MPRA), signed into law on December 16, 2014, was designed, in part, to address the expected insolvency of the PBGC's insurance program for multiemployer pension plans. As explained in our [January 12, 2015](#) *For Your Information*, a main – and controversial – component of MPRA is its allowance of benefit suspensions in certain multiemployer plans.

On April 28, 2016, IRS established the initial implementation steps for benefit suspensions. (See our [May 3, 2016](#) *For Your Information*.) Specifically, Rev. Proc. 2016-27 prescribed the process for obtaining approval of a proposed benefit suspension and provided a model notice for plan sponsors to satisfy the content and readability requirements of the suspension rules.



### Revisions and Clarifications

[Rev. Proc. 2017-43](#) modifies submission and notice requirements to reflect what IRS has learned from the first year of processing these requests. Under the revised procedure, Treasury will affirmatively ask for additional materials to correct any identified errors (instead of simply rejecting applications it finds fail to satisfy the MPRA suspension of benefits criteria). In addition, for applications submitted on or after September 1, 2017, changes include:

- Projected withdrawal liability payments included as part of the projection of the plan's available resources and the support for certification that the plan is projected to avoid insolvency if the benefit suspensions go into effect must be separately identified as projected payments attributable to prior withdrawals and projected payments attributable to expected future withdrawals.

- Sample calculations will only be needed for an individual currently receiving benefits, a contingent beneficiary of an individual currently receiving benefits, and a future retiree.
- Specific age categories for which sample calculations for age-based limitations must be provided have been clarified.
- Less information will be required to show that the proposed suspension is equitably distributed for applications that involve a proposed plan partition.
- The individual categories of sample notices that must be provided with the application have been clarified.
- Descriptions and details about actuarial assumptions used for certain illustrations and projections have been consolidated and additional detail on those assumptions is required.
- A narrative statement of the reasons the plan is in critical and declining status is now required.
- The accountant's report from the most recently filed Form 5500 must be submitted.
- The submission must supply the date on which the Treasury Department indicated that the application is a candidate for resubmission review, if applicable.

In addition, minor clarifications have been made to the Model Notice of Application for Approval of a Proposed Reduction of Benefits, the power of attorney and declaration of representative form, and the application checklist.

## In Closing

Eligible multiemployer plans seeking to suspend benefits under MPRA should follow the new procedure for any application submitted on or after September 1, 2017.

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