

Multiemployer/Taft-Hartley Plan Legislation

As a result of the downturns in the equity markets, multiemployer plans, like other investors, incurred significant drops in asset values. Under the Employee Retirement Income Security Act (ERISA) funding rules, the contributing employers to multiemployer plans face additional minimum funding obligations and related excise taxes, in addition to the contributions agreed to under multi-year collective bargaining agreements. This has the potential to destabilize these plans and ultimately could lead to plan failures and large reductions in participant benefit levels. We have worked with clients to help obtain temporary funding relief as part of the Pension Funding Equity Act of 2004 and broad reforms to the multiemployer pension plan funding rules as part of the Pension Protection Act of 2006 (PPA). In late 2008, Congress passed and the President signed into law the Worker, Retiree, and Employer Recovery Act of 2008, which makes technical corrections to the PPA changes and permits multiemployer plans to elect to temporarily freeze their actuarial funding certification of endangered status, critical status or neither based on the previous year's funding level. Examples of our relevant experiences include:

- Helping lead a coalition of interested plan, employer and labor stakeholders working together to achieve legislative changes that reflect the unique characteristics of multiemployer plans.
- Lobbying Congress for relief from unexpected and onerous pension funding obligations arising as a result of the recent large drops in the financial markets.
- Preparing talking points and legislative amendments related to the PPA multiemployer plan funding changes and technical corrections.
- Helping multiemployer plan sponsors understand the changes being contemplated by Congress and their potential impact on existing plan efforts to improve plan funding status and/or funding agreements with the Internal Revenue Service.