

Press Release



The American Rescue Plan, Multiemployer Pension Bailouts, and the PBGC

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The American Rescue Plan provided an \$83 billion taxpayer bailout of the most severely underfunded private, multiemployer pensions. By making the most distressed plans whole, Congress potentially gave employers and participants new flexibility to redefine their plans. In a new analysis, AAF's Director of Fiscal Policy Gordon Gray examines the potential consequences of making these pensions whole and considers the implications of regulations that may complicate efforts by plan sponsors and beneficiaries to reevaluate ongoing participation.

An excerpt:

The Pension Benefit Guarantee Corporation (PBGC) is considering requiring affected plans to disregard the grants for the purposes of calculating...an employer's withdrawal liability for at least 15 years. Under such a scenario, contributing employers would face substantially higher withdrawal liabilities than otherwise, and would likely face higher contribution rates than otherwise during the same period. The multiemployer system is nominally voluntary, but for those sponsors still in these plans and essentially trapped by prohibitively high withdrawal liabilities, orphan liabilities, and high contribution limits, it may appear otherwise. A rule that disregarded the grants would effectively require those sponsors to remain in the plan, though benefits are funded through 2051 irrespective of their enduring participation.

[Read the analysis.](#)