# Rescue For Union Pension Plans – And Maybe Union Employers

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On March 11, President Joe Biden signed into law the Butch Lewis Emergency Pension Plan Relief Act of 2021, which was buried in the American Rescue Plan of 2021, on the one year anniversary of COVID-19 being declared a pandemic by the World Health Organization. The EPPRA allows eligible multiemployer plans to receive financial assistance that is not subject to any repayment obligations.

This union pension bailout is a single lump sum payment, and multiemployer plans may use the assistance to make benefits payments and to pay plan expenses. To qualify for assistance, the multiemployer plan must either:

1. Be in critical and declining status
2. Have previously imposed a benefits suspension under the Multiemployer Pension Reform Act of 2014
3. Be in critical status, have a modified funded percentage of less than 40% on a current liability basis, and have a ratio of active to inactive participants of less than 2 to 3
4. Be insolvent

The Congressional Budget Office estimated that 185 plans were likely to receive assistance, but as many as 336 might under certain circumstances.

The legislation requires the troubled multiemployer plans to keep their grant money in investment-grade bonds and bars them from commingling it with their other resources. But beyond that, the bill does not change the funds' investment strategies, which are widely seen as a cause of their financial woes.

Notably, the law says nothing about how the financial assistance will impact a

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contributing employer's withdrawal liability. The House bill specifically stated that employer withdrawal liability would not take into account any special financial assistance for 15 years after a plan received assistance, but this provision was removed by the Senate to avoid a procedural violation under the reconciliation process. It remains to be seen how withdrawal liability will be handled with those plans that receive assistance.

This could be the "silver bullet" union pension plans have been praying for – and could let hundreds of companies out of withdrawal liability.