

Multiemployer Alert

Update on Issues Affecting Taft-Hartley Plans

OCTOBER 2021

New IRS guidance on temporary relief provided by the American Rescue Plan

[IRS Notice 2021-57](#) was just released regarding the temporary relief provisions other than the special financial assistance program provided by the American Rescue Plan Act of 2021 (ARP). The notice provides guidance on how and when elections must be made, any notices that are required and restrictions that may apply.

The guidance covers the following relief provisions:

1. **“Freeze” of PPA zone status.** Trustees may elect to freeze their plan’s PPA zone status to the zone status from the immediately preceding plan year. This election applies for the first plan year beginning on or after March 1, 2020, the following plan year, or both.
2. **Five-year extension of funding improvement or rehabilitation periods.** Trustees of plans certified in endangered or critical status for the 2020 or 2021 plan year may elect to extend their funding improvement or rehabilitation periods by five years.

Trustees of plans that do not apply for ARPA’s special financial assistance program may elect one or more of the following:

3. **Longer amortization of experience losses due to COVID-19.** Trustees of eligible plans may elect to amortize COVID-19-related experience losses sustained during either or both of the first two plan years ending after February 29, 2020, over 29 years (current law amortizes such losses over 15 years).
4. **Extended asset smoothing period.** Trustees of eligible plans may elect to smooth any asset losses incurred during either or both of the first two plan years ending after February 29, 2020, over a period of up to 10 years in determining the actuarial value of assets.
5. **Widened asset corridor.** For the first two plan years beginning after February 29, 2020, trustees of eligible plans may elect to widen the asset corridor for determining the actuarial value of assets from 80% to 120% to 80% to 130% of the market value of assets.

In the coming days, we will issue a Multiemployer Review summarizing the new guidance.

For more information on how the temporary ARP provisions might affect your plan, please contact your Milliman consultant.

Please contact your Milliman consultant with any questions.

Multiemployer Alert: Update on Issues Affecting Taft-Hartley Plans is intended to provide information and analysis of a general nature. Application to specific circumstances should rely on separate professional guidance.