



August 1, 2022

AMERICAN RESCUE PLAN ACT OF 2021

SPECIAL FINANCIAL ASSISTANCE (SFA) FINAL REGULATIONS

Webinar Q&A Summary

1. For your model, did you use the assumption that plan sponsor will invest max allowable % to non-SFA assets?

This particular scenario assumed no change to the non-SFA portfolio, but that could potentially be modeled by changing the return on non-SFA assets.

2. Do these rules dictate whether benefits are paid at 100% or at some reduction rate?

The SFA amounts are calculated using the full benefits under current plan provisions. As a condition of receiving SFA, plans that suspended benefits due to plan insolvency or have an approved suspension of benefits under MPRA are required to restore benefits to pre-suspension levels. In addition, these plans must pay make-up payments to retirees and beneficiaries.

3. Are there any benefits to not submitting a supplemented application if a plan has an application approved under the Interim Final Rule?

We do not see a compelling reason to not submit a supplemented application. By submitting a supplemented application, a plan will likely receive more SFA and be allowed to invest a portion of SFA in return seeking assets.

4. If we lock in is there a date by which we need to file?

December 31, 2026.

5. An SFA plan wants to merge into my plan that did not receive SFA, what are the key conditions that I need to be aware of that may impact my plan?

After the merger, the SFA assets must continue to be segregated and investment limitations on the SFA funds continue to apply until the SFA is exhausted. In addition, withdrawal liability settlements of \$50+ million must be approved by the PBGC, and annual compliance statements are required through 2051. Depending on the size differential of the two plans, many of the other conditions may be waived by the PBGC. The PBGC may perform periodic audits to ensure the required conditions are being followed.

6. Is there an advantage to applying now vs later?

The answer to this question will likely depend on each plan's individual circumstances and on a variety of factors.