UA/MCAA ANALYSIS OF THE COST IMPACT OF THE GRASSLEY/ALEXANDER PROPOSAL

December 2019
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Special thanks are due to Bradley Karbowsky of the United Association and John Mc Nerney of the Mechanical Contractors Association of America for their significant contributions in their review and development of this report.

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Published: December 2019

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Highlights of the Study

The following highlights show the estimated impact of the key elements of the proposal – increases in PBGC premiums and limitations on discount rates – on UA multiemployer plans.

PBGC Premiums

**Overall Impact.** The total annual premium paid by all 143 UA multiemployer plans would increase from approximately $13.8 million to an estimated $169.3 million. The increase in premiums would require an increase in contribution rates (or equivalent benefit reductions) of 8% to 13%, or more. It would exacerbate negative cash-flow positions, make it difficult for employers to remain competitive, and significantly increase the risk of plan insolvency.

**Retiree Co-Payments.** Retirees would be responsible for an estimated $25 to $50 million in co-payments on top of the $169.3 million paid by UA multiemployer plans noted above.

**Variable-Rate Premiums.** Implementing a variable-rate premium when the system was originally established would have created an appropriate incentive to fully fund benefit obligations. Introducing these premiums after decades of not permitting plans to fully fund themselves is punitive and counterproductive. It will lead to worse funded plans, not better ones.

Discount Rate

**Funding Measures.** A discount rate cap of 6% is expected to more than double aggregate unfunded liabilities for UA multiemployer plans from $5.4 billion to $12.2 billion. Currently, the overall funded percentage of UA multiemployer plans is 87%. This funded percentage falls to 75% if the liabilities are immediately determined using discount rates capped at 6%.

**Contribution Requirements.** The typical UA multiemployer plan will see an increase in contribution requirements between 20% and 75% solely due to the 6% cap on discount rates. Two UA multiemployer plans are expected to see contribution requirements more than double.

**Volatility.** A discount rate limit based, in part, on bond rates will lead to additional volatility and further escalate costs. Funded percentages, contribution requirements, and zone statuses could change considerably from year-to-year solely due to fluctuations in the level of bond rates.

Combined Impact

The proposed PBGC premium increases and 6% cap on discount rates is expected to increase contribution requirements by 45% for the median UA multiemployer plan. A large portion of these plans would see an increase between 50% and 75%.

General Commentary on the Proposal

Many of the reforms outlined in the proposal may have merit in the abstract if they were implemented when multiemployer plans were originally established. However, imposing these changes decades later on plans that have accumulated significant legacy liabilities proves to be counterproductive and inequitable across generations, industries, and plans. The sharp increases in contributions and decreases in benefits required by the proposal would reduce participation and lead to more insolvencies, additional dependence on the social safety net, an increase in employer bankruptcies, and ultimately an increased burden on taxpayers.

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1 See the historical maximum tax deductibility rules under Internal Revenue Code Section 404.
Introduction

On November 20, 2019, Senators Charles E. Grassley (R-IA) and Lamar Alexander (R-TN) released a proposal to address the immediate financial challenges faced by a subset of multiemployer pension plans and also to secure the multiemployer pension system over the long term — the Multiemployer Pension Recapitalization and Reform Plan. This report presents an in-depth analysis of key elements of the proposal for UA multiemployer plans with an intention to continue discussions with lawmakers and lead to essential compromise in any eventual legislation. It must be noted that the proposal represents the beginning and not the end of the process. By careful analysis, the MCAA and UA are aiming for a constructive outcome.

The proposal provides significant relief for some of the most troubled multiemployer plans via enhanced liability partitions to the Pension Benefit Guaranty Corporation (PBGC) and increases in PBGC guaranteed benefits. However, it also proposes changes that would be very harmful for participants and employers in the majority of plans that are likely to remain healthy under current law – like those sponsored by both the UA and participating employers.

There are 143 UA multiemployer plans covering about 475,000 participants with about 17,000 contributing employers. Of these 143 plans, 105 are in the green zone, 22 are endangered, 15 are critical, and only 1 is critical and declining based on the most recent Form 5500 data available. In contrast to the multiemployer system as a whole, where over 10% of participants are in critical and declining plans, only about 0.1% of participants in UA multiemployer plans are in critical and declining plans.

Exhibit 1

Distribution of plans by zone status for all multiemployer plans and UA multiemployer plans.

This analysis focuses on two key changes in the proposal – increases in PBGC premiums and limitations on discount rates, and their implications for UA multiemployer plans. Each of the proposed changes would significantly increase contribution requirements. To make matters worse, the increased contribution requirements associated with PBGC premium increases would be used to fund benefits in failing plans, instead of further securing the benefit promises made to participants in otherwise healthy plans.

This inadvisable transference of liability and risk must be reconsidered in the interest of sound and effective public policy relating to pension security for the vast majority stakeholders in the system. There are more equitable ways to achieve the stated aims of the proposal without jeopardizing participants, beneficiaries, and employers in the vast majority of healthy plans.
PBGC Premiums

Under current law, multiemployer pension plans pay an annual flat-rate, per participant PBGC premium. The flat-rate was $29 per participant in 2019. Under the proposal, this flat-rate premium would be increased to $80 per participant. In addition, the proposal contemplates adding a variable-rate premium, a stakeholder co-payment for unions and employers, and a retiree co-payment.

The following chart summarizes the PBGC premium structure under current law compared with the PBGC premium structure under the proposal. The figures shown in blue are estimates of the total annual premiums that would be paid by all 143 UA multiemployer plans under current law and under the proposal:

<table>
<thead>
<tr>
<th>Type of Premium</th>
<th>Current Law</th>
<th>Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flat-Rate*</td>
<td>$29 per participant</td>
<td>$80 per participant</td>
</tr>
<tr>
<td></td>
<td>$13,771,000</td>
<td>$37,990,000</td>
</tr>
<tr>
<td>Variable-Rate*</td>
<td>None</td>
<td>1% of unfunded current liability(^2) with a cap up to $250 per participant based on a plan’s average retiree benefits.</td>
</tr>
<tr>
<td></td>
<td>$0</td>
<td>$117,994,000</td>
</tr>
<tr>
<td>Stakeholder Co-Payment</td>
<td>None</td>
<td>$2.50 per active participant per month payable by both the union and the employers.</td>
</tr>
<tr>
<td></td>
<td>$0</td>
<td>$13,346,000</td>
</tr>
<tr>
<td>Retiree Co-Payment</td>
<td>None</td>
<td>Percentage of retiree benefit payments(^3) based generally on a plan’s zone status:</td>
</tr>
<tr>
<td></td>
<td>$0</td>
<td>• Unrestricted/stable plans: 0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Endangered plans: 3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Critical plans: 5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Declining/frozen/insolvent plans: 7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Plans that receive a partition: 10%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$25,000,000 to $50,000,000(^4)</td>
</tr>
<tr>
<td>Total Annual Premium</td>
<td><strong>$13,771,000</strong></td>
<td><strong>$169,330,000 + Retiree Co-Payment</strong></td>
</tr>
</tbody>
</table>

\(^*\) Flat-rate and variable-rate premiums increase annually based on changes in the National Average Wage Index.

\(^2\) The proposal bases the variable-rate premium on “current liability”. A plan’s current liability is different than its actuarial liability. Current liability is based on statutory discount rates and mortality tables (the current discount rate is around 3.0%), which produce a much higher liability than the actuarial liability.

\(^3\) Retirees over age 80 and disabled retirees would be exempt. There would be a phase-out for retirees age 75 to 80.

\(^4\) Form 5500 does not contain the data necessary to estimate the amount of the proposed retiree co-payment. This is a very rough estimate that assumes 40% of current benefit payments apply to protected classes under the proposal. It also assumes changes in the distribution of zone statuses of the 143 plans to account for the proposed limitation on the discount rate, proposed increases in PBGC premiums, and proposed changes to the zone status rules.
Here are a few important points to consider when reviewing the chart on the previous page:

- A significant increase in the flat-rate premium (such as the increase in the proposal) will disproportionately penalize participants and employers in low-wage industries.

- Implementing a variable-rate premium when multiemployer plans were originally established would have created an appropriate incentive to fully fund benefit obligations. Imposing a variable-rate premium after decades of not permitting plans to fully fund themselves is punitive and counterproductive. It will lead to worse funded plans, not better ones.

- 140 of the 143 UA multiemployer plans would be subject to the $250 per-participant cap on the variable-rate premium. In other words, there are only 3 plans for which 1% of unfunded current liability results in a variable-rate premium of less than $250 per participant. The proposal is unclear on how the $250 cap would change based on a plan’s average retiree benefits. For the purpose of this analysis, we have assumed that the average retiree benefits would result in a cap of $250 for 140 of the 143 UA multiemployer plans.

- Many plans that are in the green zone under current law would be subject to the retiree co-payments under the proposal. Furthermore, plans that are not in the green zone may be subject to higher retiree co-payments than their current status would indicate. This is because the proposal contains changes that would drive a precipitous degradation in funding status and result in more plans being certified in endangered, critical, and declining status than under current law. These changes include the limitation on the discount rate, increases in PBGC premiums, and changes to the zone status rules themselves, among others.

- Collecting and monitoring the stakeholder co-payment would be a costly administrative burden for all plans, especially plans in the construction industry that have large numbers of employers — some of which have only a few active participants.

When analyzing the effect of the increases in premiums under the proposal, it is important to consider the impact on plan funding. Unfortunately for this otherwise healthy group of 143 UA multiemployer plans, the proposal would have a dramatically negative impact. More specifically, the increase in the flat-rate premium and introduction of the variable-rate premium would:

- **Require significant increases in contribution rates or decreases in benefits.** The median increase in contribution requirements would be about 8%. Moreover, 25% of plans would see an increase in contribution requirements of 13% or more. While these increases may seem modest, it would take 4-6 years for contribution rates to reach these levels based on general cost-of-living adjustments. These are contribution increases that could otherwise be used to improve plan funding or improve modest benefit levels in plans that have reduced benefits in recent years. Plans that were counting on these increases over the next 4-6 years to pay down unfunded liability will be forced to find the funds elsewhere. Finding the funds elsewhere may be difficult for plans in which contribution rates have already increased significantly faster than wage inflation in recent years.

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5 See the historical maximum tax deductibility rules under Internal Revenue Code Section 404.
6 See "Multiemployer Pension Plan Reform Policy Issues".
**Exacerbate negative cash-flow positions.** The median cash flow as a percentage of assets for these 143 plans is -1.4% and 25% of plans have cash flow of -3.1% or worse. The increase in premiums would worsen these cash-flow positions to -1.9% and -3.7%, respectively. While most mature plans have negative cash flows, highly negative cash flows increase plan risk, put additional pressure on investments, and are a leading indicator of future plan insolvency.

**Put additional pressure on investments.** Absent increases in contributions or decreases in benefits, higher investment returns would be needed to compensate for the increasingly negative cash-flow positions. The typical UA multiemployer plan would need annual increases in investment returns of about 0.5% just to pay for the increase in PBGC premiums.

**Make it difficult for participating employers to remain competitive in the marketplace.** The increase in contribution requirements would further strain employers who are already struggling to maintain current contribution levels and would make it difficult for even the healthiest employers to remain competitive in their industry.

**Disproportionately impact active participants who have already borne the burden of recent increases in contribution rates and decreases in real benefit levels.** In the median UA multiemployer plan, $0.08 of every contribution dollar is used to pay plan expenses, $0.50 goes towards benefit accruals, and the remaining $0.42 is used to amortize the plan’s unfunded liability or provide a cushion for potential adverse experience. Under the proposal, an additional $0.07 of each dollar would be used for expenses. To overcome the additional expense, plans would need to reduce future benefit accruals, or pay down their unfunded liability at a slower rate. These changes would disproportionately affect active participants in terms of benefit levels, benefit security, or both.

**Increase the risk of plan insolvency.** As noted above, this proposal will exacerbate negative cash-flow positions and highly negative cash flows are a leading indicator of future plan insolvency. In addition, contribution rate increases that could otherwise be used to reduce unfunded liabilities will be used to pay for PBGC premium increases. The combined effect will be an increase in the number of plans that cannot pay down their unfunded liability and will eventually go insolvent.

**Increase the likelihood of plans requiring PBGC assistance in the future.** Perhaps worst of all, these increases would be required for a group of plans that has remained healthy and is projected to remain healthy under current law. As noted in the introduction, only 0.1% of participants in UA multiemployer plans are in critical and declining plans. While it is difficult to model the number of plans that will require PBGC assistance if the proposal becomes law, one thing is certain: the proposal would increase PBGC’s long-term exposure with respect to this group of 143 UA multiemployer plans.

Insurance is generally designed to increase benefit security. Unfortunately for this group of 143 plans covering approximately 475,000 participants, benefit security would be significantly reduced. Instead, large premium increases – monies that could be used to pay down unfunded liability and increase benefit security – would be used to pay for the benefits of participants in a few large failing plans in declining industries. **Responsible pension policy reform should reduce risk, not compound it unfairly for otherwise healthy plans – to the great jeopardy of plan participants and beneficiaries, contributing employers, and the taxpayers generally.**
Discount Rate

Under current law, the discount rate used to determine funding requirements is based on the assumed long-term expected rate of return on plan assets. As a point of reference, approximately 80% of the plans analyzed in this study use a discount rate between 7.00% and 7.50%. The distribution of discount rates used for all 143 plans in the study is shown in Exhibit 2 below.

Exhibit 2
Distribution of current discount rates used by UA multiemployer plans.

<table>
<thead>
<tr>
<th>Discount Rate</th>
<th>Number of Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>At Least 8.00%</td>
<td>5.6%</td>
</tr>
<tr>
<td>7.75% to 7.99%</td>
<td>1.4%</td>
</tr>
<tr>
<td>7.50% to 7.74%</td>
<td>33.6%</td>
</tr>
<tr>
<td>7.25% to 7.49%</td>
<td>11.2%</td>
</tr>
<tr>
<td>7.00% to 7.24%</td>
<td>34.3%</td>
</tr>
<tr>
<td>6.75% to 6.99%</td>
<td>4.2%</td>
</tr>
<tr>
<td>6.50% to 6.74%</td>
<td>4.9%</td>
</tr>
<tr>
<td>6.25% to 6.49%</td>
<td>1.4%</td>
</tr>
<tr>
<td>6.00% to 6.24%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Less Than 6.00%</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

The proposal imposes a cap on the discount rate used to determine actuarial liabilities for statutory funding purposes based on the lesser of (a) a 24-month average of the third segment rate of the yield curve plus 2.00% (currently 6.33%) or (b) 6.00%. The rate change would be phased in over a 5-year period and any increase in unfunded liability as a result of this change would be amortized over a period of 30 years. Note that 139 of 143 UA multiemployer plans use a discount rate higher than 6.00%, which means virtually all UA multiemployer plans will be impacted by the discount rate limitation under the proposal.

Unfunded Liability. The aggregate actuarial liability for all 143 UA multiemployer plans in this analysis is $42.7 billion using current discount rates compared against $37.3 billion in market value of assets. Limiting the discount rate to 6.00% is expected to more than double aggregate unfunded liabilities for UA multiemployer plans from $5.4 billion to $12.2 billion.

Funded Percentage. Using current funding rates and market values of assets, the overall funded percentage of UA multiemployer plans is 87%. This funded percentage falls to 75% if the liabilities are immediately determined using discount rates capped at 6.00%. The distribution of funded percentages for all 143 UA multiemployer plans in the study is shown in Exhibit 3 below.

“LIMITING THE DISCOUNT RATE TO 6.00% IS EXPECTED TO MORE THAN DOUBLE AGGREGATE UNFUNDED LIABILITIES FOR UA MULTIEMPLOYER PLANS FROM $5.4 BILLION TO $12.2 BILLION.”
Almost three-quarters of all UA multiemployer plans are at least 80% funded when liabilities are determined using current discount rates. However, only 40% of UA multiemployer plans are expected to be at least 80% funded when liabilities are determined using a discount rate capped at 6.00%.

**Contribution Requirements.** Under current statutory funding rules, a plan’s minimum required contribution is determined annually as the sum of the cost of benefits accrued during the year (normal cost), the cost of operating a plan, and a payment to amortize a plan’s unfunded liability, if any.

The data necessary to perform funding standard account calculations is not in the Form 5500 database, this report uses “actuarial cost” as a proxy for a plan’s contribution requirements. The actuarial cost includes the normal cost, the cost of operating a plan, and a payment to amortize a plan’s unfunded liability using current discount rates over a period of 15 years and any increase in unfunded liability under the proposal over a period of 30 years. A plan would need annual contributions equal to the actuarial cost or greater to become 100% funded within 15 to 30 years.

The median increase in contribution requirements, solely due to the discount rate limitation under the proposal, is about 35% for all UA multiemployer plans analyzed. For example, if the current actuarial cost for a plan is equivalent to $5.00 per member per hour, then the median plan would need to increase the hourly contribution rate to $6.75 in order to meet minimum funding requirements due to the discount rate limitation. The distribution of increases in actuarial costs for all 143 UA multiemployer plans in the study is shown in Exhibit 4 below. Note that the increases shown are related to the discount rate limitation only and do not reflect any additional increases in actuarial costs related to PBGC premium changes included in the proposal.
The vast majority of UA multiemployer plans will see an increase in contribution requirements from 20% to 75% solely due to the 6.00% discount rate limitation under the proposal. Some plans would experience larger increases under the proposal. For example, two UA multiemployer plans are expected to see contribution requirements more than double.

**Bond Rate Changes and Volatility.** Discount rates under the proposal are limited, at least in part, based on the level of corporate bond rates. While discount rates are not currently limited by the bond rate portion of the proposal, it is possible for bond rates to decline in the future so that discount rates are limited by a rate less than 6.00%. This would further increase contribution requirements and decrease funded percentages under the proposal.

In addition, it is not uncommon for corporate bond rates to change by 25 to 50 basis points or more over the course of a year, even with smoothing mechanisms in place (for example, averaging rates over a period of 24-months). A 50 basis point change in discount rates would change annual contribution requirements by 10% to 20% and funded percentages by 5% to 10% for many plans. This added volatility could be very difficult for multiemployer plans to manage given that contribution rates are generally fixed for three or more years through the collective bargaining process.
**Combined Impact of Proposed PBGC Premium and Discount Rate Changes**

The previous two sections of this report have addressed the impact of the proposed PBGC premium increases and the limitation on discount rates on an individual basis. However, it is important to understand the combined impact of these proposed modifications. The distribution of increases in actuarial costs for all 143 UA multiemployer plans in the study is shown in Exhibit 5 below. Note that the increases shown reflect the proposed PBGC flat-rate premiums, PBGC variable-rate premiums, and 6.00% limit on discount rates, and do not consider the additional burden of the stakeholder co-payments and retiree co-payments.

**Exhibit 5**
Distribution of UA multiemployer plans by percentage increase in actuarial cost (i.e., contribution requirements)

<table>
<thead>
<tr>
<th>Increase in Actuarial Costs</th>
<th>Number of Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>At Least 100%</td>
<td>2.8%</td>
</tr>
<tr>
<td>75% to 99%</td>
<td>5.6%</td>
</tr>
<tr>
<td>50% to 74%</td>
<td>14.7%</td>
</tr>
<tr>
<td>40% to 49%</td>
<td>20.3%</td>
</tr>
<tr>
<td>30% to 39%</td>
<td>14.0%</td>
</tr>
<tr>
<td>20% to 29%</td>
<td>6.3%</td>
</tr>
<tr>
<td>15% to 19%</td>
<td>0.7%</td>
</tr>
<tr>
<td>10% to 14%</td>
<td>0.7%</td>
</tr>
<tr>
<td>5% to 9%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Less Than 5%</td>
<td></td>
</tr>
</tbody>
</table>

**“THE MEDIAN INCREASE IN CONTRIBUTION REQUIREMENTS DUE TO THE PROPOSED PBGC PREMIUM CHANGES AND 6.00% DISCOUNT RATE LIMITATION IS 45% FOR UA MULTIEMPLOYER PLANS.”**

Note: The percentage next to each bar represents the proportion of plans in the stated range of actuarial cost increases.

The median increase in contribution requirements due to the proposed PBGC premium changes and 6.00% discount rate limitation is 45% for UA multiemployer plans. The typical plan will see an increase between 50% and 75%. Four UA multiemployer plans are expected to see contribution requirements more than double.

Contribution rate increases of this magnitude would have a very detrimental effect on both employers and participants alike. Many employers would be forced to withdraw due to unaffordable fringe benefit costs. Participants would suffer reductions in take-home pay and cutbacks in pension benefits used to partially offset the increases in contribution requirements.

The ultimate impact would be a reduction in participation that would jeopardize even the healthiest plans. More plans would become insolvent, more plans would require PBGC assistance, more participants would make use of the social safety net, and more employers would go out of business.
Withdrawal Liability

Federal law requires that a multiemployer defined benefit pension plan charge an “exit fee” to employers who cease contributions to a plan that has unfunded vested liabilities referred to as withdrawal liability. Employers are not required to pay withdrawal liability as a lump sum. Instead, they typically make periodic payments until the obligation is paid off, with accumulated interest\(^7\). The proposal outlines substantive changes to withdrawal liability rules. While the details of the proposed modifications are unclear, we attempt to summarize the impact of key changes based on our understanding of the proposal.

**Higher withdrawal liability payments.** Under current law, withdrawal liability payments are calculated by multiplying the highest three-year average of contribution base units (CBUs) by the highest contribution rate over the most recent 10 years. The proposal increases the lookback period from 10 years to 20 years and removes the three-year averaging component on CBUs. This proposed change will result in higher, and possibly unaffordable, withdrawal liability payments for employers.

**Disconnect between withdrawal liability and unfunded vested benefits.** Under current law, an employer generally makes withdrawal liability payments until its share of unfunded liability is paid off. The proposal appears to remove the concept of allocating unfunded liability to withdrawing employers and instead assigns a withdrawal liability payment period based on a plan’s funded percentage. This will result in either (1) lower withdrawal liability for employers, which will put the benefit security for participants at risk, or (2) increased withdrawal liability for employers beyond their fair share, which will incentivize less participation in the multiemployer system in the future. Either outcome is detrimental to the overall system and counter to the intent of the proposal.

**Construction industry exemption, with a catch.** The proposal maintains the construction industry exemption for withdrawal liability; however, plans that utilize this exemption are required to amortize future changes in unfunded liability over a period of 10 years. This provision of the proposal will increase the volatility of contribution requirements and require accelerated funding in down-markets when a plan’s contribution base may have contracted. Multiemployer plans in the construction industry, including the 143 UA multiemployer plans in this study, are some of the most resilient and healthy plans in the entire multiemployer system. Imposing this additional funding requirement on these plans is punitive and puts unnecessary strain on both participants and employers.

**Requirement to provide “free” withdrawal liability estimates to employers.** Under current law, a multiemployer plan is required to furnish a withdrawal liability estimate to a contributing employer upon request, but a plan is allowed to charge a reasonable fee to cover copying, mailing, and other costs of furnishing the estimate. The proposal will increase plan operating expenses by requiring that a withdrawal liability estimate be provided to all contributing employers every 3 years and that plans bear all costs of producing the estimate. We estimate that the aggregate cost to UA multiemployer plans of providing withdrawal liability estimates to all contributing employers every three years to be up to $15 million per year\(^8\). This would represent an increase in operating expenses of 10% to 20% for most UA multiemployer plans.

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\(^7\) In general, withdrawal liability payments are limited to 20-years, even if the employer’s allocation of unfunded liability is not paid off.

\(^8\) This is based on a high-end very rough estimate of $2,500 per calculation to produce an estimate of withdrawal liability for each contributing employer in each plan. The actual increase in operating expenses due to this proposed provision will vary depending on the true cost to gather data, perform the calculation, and furnish the estimate (which may be higher or lower than the assumption used) and whether a plan already provides withdrawal liability estimates free of any charges.
Data and Methods

The analysis is based on publicly available Form 5500 data as of November 25, 2019 from the Department of Labor website. We have not independently verified the accuracy or completeness of the data, but we have checked data for reasonableness to the extent that we believe appropriate based on the purpose for which it has been used.

In general, the Form 5500 data covers UA multiemployer pension plans with plan years beginning from March 1, 2017 through February 1, 2018. Certain plans were excluded from the analysis as follows: (1) plans whose most recent Form 5500 was a final filing, (2) plans whose most recent Form 5500 filing indicates the plan has adopted a resolution to terminate, and (3) plans with missing or questionable data for key information.

In total, 143 UA multiemployer pension plans were analyzed covering about 475,000 participants with about 17,000 contributing employers. Some participants have earned benefits under more than one multiemployer plan. Similarly, some employers contribute to more than one multiemployer plan. The participant and employer counts referenced in this report reflect the counts reported for each plan.

The asset and liability values used in this analysis were determined as of the beginning of the plan year. The liability based on the unit credit funding cost method was used to determine the unfunded liability and funded percentages disclosed in this analysis. The liability and normal cost based on the each plan's selected funding cost method were used to determine the actuarial cost disclosed in this analysis. Standard actuarial techniques were used to adjust liability and normal cost values based on the discount rate limitation under the proposal.