

New York State Teamsters Conference Pension and Retirement Fund

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July 13, 2021

Dear Participant:

On July 9, 2021, the Pension Benefit Guaranty Corporation ("PBGC") issued an interim final rule outlining its Special Financial Assistance Program for multiemployer pension plans under the American Rescue Plan Act of 2021 ("ARPA"). This is the additional guidance we anticipated following the passage of ARPA earlier this year – see our March 17, 2021 communication on this topic. The government's process will continue to take time, but the PBGC's interim final rule acknowledges this and contains provisions that seek to protect the interests of funds and their participants. As indicated previously, we remain cautiously optimistic that this is a positive development for the Fund and its participants.

PBGC's interim final rule is extensive (approximately 125 pages) and provides important information on a number of topics. Those topics include the timing of applications for special financial assistance ("SFA"), the requirements for SFA applications, the calculation of SFA, and the restoration of benefits suspended previously under Multiemployer Pension Reform Act ("MPRA"). We now have clarity on the following:

- PBGC has established seven "Priority Groups" that categorize funds based on certain criteria. The Fund falls in "Priority Group 2" along with others that previously suspended benefits under MPRA. Priority Group 1 funds are those that either are insolvent or projected to go insolvent by March 11, 2022.
- PBGC is only accepting applications from Priority Group 1 at this time.
- PBGC will open the application process for Priority Group 2 funds on January 1, 2022.
- PBGC will approve or deny an application for SFA within 120 days of filing the application.
- PBGC generally will pay SFA within 90 days of approving a fund's application.

The interim final rule also makes the following clear with respect to benefits previously suspended under MPRA:

- If an application is approved and SFA is paid to a fund, benefits suspended under MPRA will be restored.
- The restoration of suspended benefits is both retroactive and prospective, meaning that participants will be repaid for benefits reduced previously and have benefits restored to pre-suspension levels going forward.
- The retroactive repayment of suspended benefits can be accomplished through a single lump sum payment within three months of the fund receiving SFA or in installments over a five-year period.

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We plan to monitor PBGC's application process closely, in the event PBGC opens the process to Priority Group 2 funds prior to January 1, 2022. We also will continue to keep you informed by providing additional information and updates on the NYS Fund website at www.nystpensionfund.org rather than by mail.

Sincerely,

Board of Trustees

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