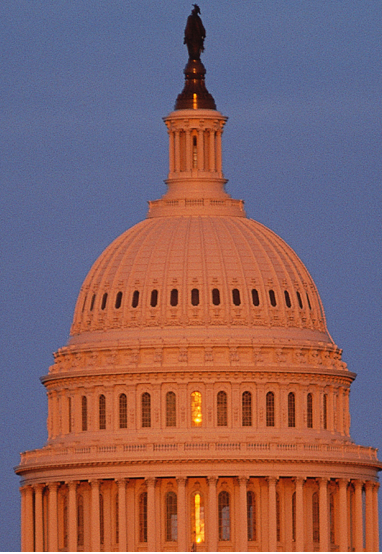




TaxNewsFlash

United States



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Notice 2021-57: Funding relief for multi-employer defined benefit pension plans pursuant to “American Rescue Plan Act of 2021”

The IRS today released an advance version of Notice 2021-57 providing guidance on funding relief for multi-employer defined benefit pension plans as made available under the “American Rescue Plan Act of 2021” (Pub. L. No. 117-2).

Background

The “American Rescue Plan Act” (enacted in March 2021) includes provisions related to pensions plans—with many aimed at multi-employer pension plans that historically have been underfunded. Many of these legislative provisions involve changes to actuarial calculations, and the provisions to assist multi-employer pension plans include:

- A temporary delay of the designation of a plan as endangered, critical, or critical and declining status for the first plan year during the period beginning March 1, 2020, and ending February 28, 2021. The plan’s funding status will be the same as the status for the preceding plan year.
- A temporary five-year extension of the funding improvement period or rehabilitation period if the plan sponsor is endangered or in critical status for plan years beginning in 2020 or 2021.
- Financial assistance fund established under the Pension Benefit Guaranty Corporation (PBGC) for financially troubled plans.

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Notice 2021-57

[Notice 2021-57](#) [PDF 220 KB] provides guidance for sponsors of multi-employer defined benefit pension plans on the elections made available under the “American Rescue Plan Act of 2021” as well as the legislative relief relating to sections 431 and 432.

The provisions in Notice 2021-57 permit plan sponsors to:

- Elect to delay designating a plan as being in endangered, critical, or critical and declining status under section 432(b)(3), as applicable, or to delay updating the plan’s funding improvement plan or rehabilitation plan, as applicable
- Elect to extend the plan’s funding improvement period under section 432(c)(4) or the rehabilitation period under section 432(e)(4), as applicable
- Spread certain investment losses and other experience losses related to the coronavirus (COVID-19) pandemic over a period of up to 30 years in determining charges to the funding standard account under section 431

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