# Bolton Alert

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## COVID-19 Impact on Multiemployer Pension Plans

The spread of COVID-19 has affected worker's health, business operations and financial markets. Multiemployer pension plans will have to manage work force availability, business interruption, and investment uncertainty after significant market value decreases. The impact on individual plans will depend on plan funded status, maturity of the plan, whether the industry is deemed essential in areas with "stay at home" restrictions, and actuarial valuation date.

### What can be done now?

Keep in mind the long-term nature of the multiemployer pension plan. Most plans survived through significant market downturns in the past. Trustees should work with investment advisors and actuaries to be in the best position when markets bounce back after the virus is under control. Mature plans with higher monthly benefit payments than contributions will need to manage liquidity while plans with positive cash flow will focus more on asset allocation.

Plans with a March 31 plan year end will be the first to include the market losses in their valuation results. A calendar year plan, for example, has more time to recover if the COVID-19 economic impact is reversed in the short term. Relief in the form of longer amortization periods and adjusting the actuarial value of assets have been available in the past and may again become tools to defer recognizing asset losses.

Plans with workers in nonessential businesses, such as hotel, entertainment and service industry workers, may have significantly less hours worked and lower contributions. These plans will look to legislative relief to help maintain plan viability. Other industries, such as trucking and retail food, may be impacted by having shortages of workers and may look to bring back some recent retirees, which necessitates a review of certain plan provisions such as suspension of benefits following retirement. The building and construction industry is seeing a mix of these approaches, with some work being deemed essential and continuing unchanged while other work is suspended.

### Legislative relief

The immediate focus of legislative action was an emergency supplemental appropriation to provide health care assistance to mitigate the spread and test for the virus. That was followed by the Families First Coronavirus Response Act dealing with needs related to school and business closures. The third piece of COVID legislation is the Coronavirus Aid, Relief and Economic Security (CARES) Act, a massive $2 trillion economic stimulus package enacted on March 27th.

While tax filing due dates were extended, there is not currently an extension of due dates for multiemployer plan certifications, Form 5500 filings, or PBGC premium payments. However, the CARES Act provides the Department of Labor with authority to postpone certain due dates, which may lead to an announcement of some short-term relief from these requirements in the coming weeks.

Congress is also considering a fourth legislative package of COVID-19 related measures. Relief similar to that provided under the Pension Reform Act of 2010 is one of the possible responses to the COVID-19 situation.

### Bolton is here to help

Your Bolton consultants are available to help you manage your retirement program during these uncertain times. We are engaged with various actuarial organizations and industry groups to help frame for Congress the needs of our clients for future legislative relief. Bolton will continue to keep you informed as we learn more and you should contact your actuary or consultant with any questions as we work together to help your plan deal with the unprecedented times triggered by this pandemic.