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of 2021 regarding special financial assistance paid by the PBGC to eligible multiemployer defined benefit pension plans that are financially at risk.

Jul. 09, 2021

The Internal Revenue Service has provided guidance for multiemployer qualified retirement plans that receive special financial assistance from the Pension Benefit Guaranty Corporation (PBGC) and for participants and beneficiaries in those plans.

Notice 2021-38 provides guidance under provisions of the American Rescue Plan Act of 2021 regarding special financial assistance paid by the PBGC to eligible multiemployer defined benefit pension plans that are financially at risk.

The notice provides direction for multiemployer plans, and specifically addresses three important areas regarding:

- The reinstatement of previously suspended pension benefits, along with make-up payments, as a condition that eligible multiemployer plans must meet if they receive special financial assistance.
- The individual income tax treatment of these make-up payments.
- How a plan that receives special financial assistance must treat the plan's special financial assistance account for purposes of the minimum funding requirements for multiemployer defined benefit plans

PBGC guidance on the application process for special financial assistance can be found at www.PBGC.gov/arp-sfa

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