



To: AFM, AFM Locals, and Participants and Beneficiaries Receiving Benefits  
From: Board of Trustees of the American Federation of Musicians and Employers' Pension Fund  
Date: July 29, 2021

Enclosed are two legally required annual notices – the **Annual Funding Notice** and the **Notice of Critical and Declining Status**. Both contain important information about the financial status of the American Federation of Musicians and Employers' Pension Fund (“AFM-EPF” or “the Plan”).

The Annual Funding Notice shows the Plan was 53.6% funded as of April 1, 2020 (the Annual Funding Notice shows the funded percentage as of the *beginning* of the Plan year that just ended). Audited financials are not yet available for the Plan year beginning April 1, 2020, but the downward trend in funded status is projected to continue, exacerbated by the significant decline in employer contributions due to the COVID-19 pandemic and related industry shutdowns. The estimated funded percentage as of April 1, 2021 is 52%.

#### **Financial Assistance Under the American Rescue Plan Act (ARPA)**

Importantly, the funding information in these notices **does not** take into account the financial assistance that we expect to receive under ARPA. This law, enacted in March 2021, allows certain troubled multiemployer pension plans to obtain financial assistance from the federal Pension Benefit Guaranty Corporation (PBGC). The assistance is intended to provide these plans with the amount required for the AFM-EPF to pay all benefits due for the next 30 years, without reductions in already-earned benefits. The AFM-EPF qualifies for this assistance because it is in “critical and declining” status, as described in the enclosed notice.

The PBGC released guidance for the ARPA application process on July 9. According to the guidance, the PBGC has begun accepting applications from different “priority groups” of qualifying plans on a staggered basis, to ensure that the PBGC has the capacity to review them in a timely manner. In general, the worse a plan’s financial condition, the earlier it can apply. A plan’s priority group has no bearing on the amount of financial assistance it will receive.

Our initial review of the guidance indicates that the AFM-EPF will not be in one of the earlier priority groups. The PBGC will specify at a later time exactly when it will accept applications from our group, but we know that the date will be no later than March 11, 2023. We plan to submit an ARPA application when we can.

The Plan will operate as usual while we wait for ARPA assistance. Although declining, the Plan is projected to remain solvent for a number of years, well beyond the 2026 deadline for submitting an ARPA application. **That means we expect to continue to pay all benefits even though financial assistance is still a few years away.**

## Stay informed

We will update participants with any significant developments on the ARPA application process.

- Visit the Plan website at **www.AFM-EPF.org** and review the Frequently Asked Questions and other resources available under the “Stay Informed” menu for the most up-to-date information.
- To ensure you receive Plan communications, please register on the website and provide your current contact information to the Fund Office. If you’ve already registered, you can check that your information is up to date by logging into the Participant Portal and clicking “Profile & Settings.”
- Registering on the Plan website will sign you up for the *Pension Fund Notes* email newsletter, which contains the latest news and information from the Plan. An archive of past issues is available on the website.

The Fund Office is available to answer questions regarding this notice. The easiest way to contact us is by sending an email using Contact Us on the Plan’s website at **www.AFM-EPF.org**. If you have questions, call the Fund Office at (212) 284-1311 or (800) 833-8065 extension 1311.