



Pension Fund Notes

Newsletter of the American Federation of Musicians and
Employers' Pension Fund

The MPRA Process and Timeline for Benefit Reductions

As we informed participants in May, the Trustees and the Fund's advisors are preparing an application to the U.S. Treasury Department to reduce benefits under the Multiemployer Pension Reform Act (MPRA). These benefit reductions are necessary to prevent the AFM-EPF from running out of money to pay benefits in the future. By putting the Fund on stronger financial footing, we are helping to ensure that the Fund will be around to pay benefits to current and future retirees for decades to come.

In recent months, participants have asked about the MPRA process and timeline. Here are the most common questions and answers:

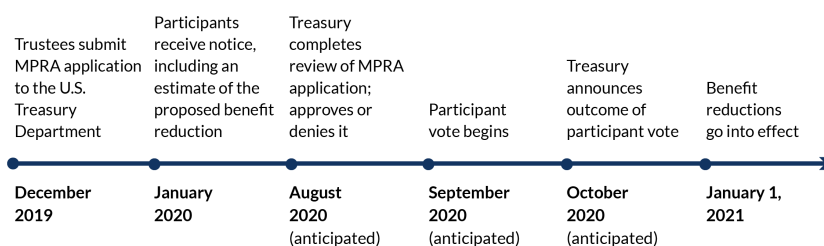
- **When will I know how much my own benefit will be reduced?**
 - **January 2020.** The Trustees plan to submit the MPRA application in late December 2019 and the Fund will mail a personalized notice with this information to all participants and beneficiaries of deceased participants in January, 2020.
- **When are benefit reductions expected to go into effect?**
 - **January 1, 2021 at the earliest.** After the Trustees submit the application, the MPRA process will take at least one year before benefit reductions go into effect.
 - Until that time, benefits will continue to be paid without any change. Both before and after the Fund's application is approved, participants can continue to earn new benefits through covered employment.

In this issue of Pension Fund Notes, we'll lay out how the MPRA process will proceed from now until benefit reductions, if approved, go into effect. [Our website's FAQ page](#) also contains answers to questions about these and other topics.

Please note that some of the anticipated points in the timeline below depend on when Treasury takes certain actions. MPRA gives Treasury specific periods of time in which to take these actions (review the MPRA application, mail voting ballots to participants, etc.).

Additionally, it is possible that Treasury may identify changes that need to be made in the MPRA application before it can be approved. In this case, the Fund would have to withdraw the application and resubmit it, which would restart the timeline. This has occurred for many other pension funds that ultimately have had successful MPRA applications. As we prepare the application, we are in close communication with Treasury to help avoid this scenario.

MPRA Timeline



December 2019: Trustees submit MPRA application to the U.S. Treasury Department

A MPRA application takes several months for the Fund to complete because the information requested by Treasury is extremely complex and can be hundreds of pages long. The information in a MPRA application – including the amount of benefit reductions – must be based on the Fund’s financial condition at the end of the calendar quarter before the application is filed, which in our case will be September 30, 2019. We won’t have all that information until close to the end of October.

January 2020: Participants receive notice, including an estimate of the proposed benefit reduction

Shortly after submitting the MPRA application, the Fund must mail a notice to each of our 50,000 participants and beneficiaries of deceased participants. This notice will include a personalized benefit statement with participants’ current benefit and estimated reduced benefit. Treasury will post the application on its website within 30 days of receiving the application.

August 2020 (anticipated): Treasury completes review of MPRA application; approves or denies it

Treasury has up to 225 days to review the Fund’s application and approve or deny it. For a pension fund as large and complex as the AFM-EPF, we expect that Treasury will take all or nearly all of this 225-day period for review.

September 2020 (anticipated): Participant vote begins

If the MPRA application is approved, Treasury will mail ballots to all participants and beneficiaries of deceased participants within 30 days of the approval. Voters will indicate if they approve or reject the proposed benefit reductions and then mail their ballots back to Treasury. The deadline to return ballots must be at least 21 days after the date that Treasury mailed ballots to voters.

October 2020 (anticipated): Treasury announces outcome of participant vote

Treasury must announce the outcome of the vote within seven days of the voting deadline. For a plan of benefit reductions to be voted down, a majority of eligible voters must vote against it. So, unreturned ballots are effectively counted as votes to approve the benefit reductions.

Treasury will post the results of the vote on its website, including the number of people who voted in favor of the reductions, the number who voted against them and the number of unreturned ballots.

January 1, 2021: Benefit reductions go into effect

If the participant vote approves our MPRA application, Treasury will give final authorization for the Fund to implement the benefit reductions. The Trustees expect to implement benefit reductions effective January 1, 2021 at the earliest.

We will send additional informational updates like this one to participants in the coming months and we will keep participants informed throughout the MPRA process. This will include any developments on potential legislation coming out of Congress. [As we informed participants in July](#), the Butch Lewis Act has passed the House of Representatives. Congressional leaders are now working to find common ground on a bipartisan solution that can pass both chambers of Congress and be signed into law by the President. If Congress passes legislation that allows us to withdraw our MPRA application or roll back benefit reductions while still avoiding insolvency, then the Trustees plan to do that.

Participants can find answers to questions about a variety of topics on [the FAQ page of the Fund website](#).

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