



Treasury Staff Will Recommend Denying the AFM-EPF's MPRA Application
Plan's Trustees and Actuaries Dispute Treasury Staff's Conclusions

In December 2019, the American Federation of Musicians and Employers' Pension Fund (AFM-EPF, the Plan) filed an application with the U.S. Treasury Department to reduce benefits under the Multiemployer Pension Reform Act (MPRA) in an attempt to save the Plan and avoid insolvency (running out of money). Treasury has a deadline of August 11, 2020 to decide whether to approve or deny our application.

Treasury Staff recently advised the AFM-EPF that it disagrees with two of the actuarial assumptions used in our application. On this basis, Treasury Staff will recommend that the Secretary of the Treasury deny the application. **Unless the Secretary overrules Treasury Staff and approves our application, benefits will not be reduced on January 1, 2021, and our Plan will continue on its path toward insolvency—unless the Trustees prepare and submit a new MPRA application.**

Many other plans in a similar situation have withdrawn their application rather than have Treasury deny it. However, if Treasury denies the application, it must publish a letter describing the reasons for the denial. In the interest of transparency, we feel it is important for all of our participants and beneficiaries to understand the precise reasons for the recommended denial by Treasury Staff, and, just as important, the elements of the application that were not the reasons for the denial. We have therefore decided **not** to withdraw the MPRA application.

We strongly disagree with Treasury Staff's position on the two assumptions, and our actuaries stand firmly by all of the assumptions used in the application. Even more to the point, Treasury Staff is recommending denial despite the fact that we demonstrated the proposed benefit reduction would prevent the Plan from running out of money even if we used the assumptions that Treasury Staff preferred.

We have sent a letter to Treasury Secretary Steven Mnuchin conveying this message and asking him to overrule the expected Treasury Staff recommendation and not deny the application. You can [click here](#) to read this letter, which contains a more thorough explanation of why Treasury Staff's conclusions are simply incorrect.

We are, however, pleased that Treasury Staff stated unequivocally that they had no issue with the other elements of our application, including whether the proposed benefit reductions are equitably distributed across the participant population, whether the Trustees took all reasonable measures to avoid insolvency prior to filing the application, or any of the other assumptions. This will put us in a position to refile on an expedited basis.

The Trustees remain committed to protecting the solvency of the Plan. We will notify you when Treasury releases its official decision on the application between now and Tuesday, August 11. If Treasury denies the application, we will regroup with our advisors, review the Plan's current situation and decide on a course moving forward.

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