(ii) The value of the benefit reduction as of the end of the plan year in which the reduction took effect; and

(iii) Determined using the same assumptions as for unfunded vested benefits and amortization in level annual installments over a period of 15 years.

(2) *Employer's proportional share of a benefit reduction.* An employer's proportional share of the value of a benefit reduction to which this paragraph (d) applies is determined by multiplying the value of the benefit reduction by a fraction—

(i) The numerator is the sum of all contributions required to be made by the withdrawing employer for the 5 consecutive plan years ending before the employer's withdrawal; and

(ii) The denominator is the total of all employers' contributions for the 5 consecutive plan years ending before the employer's withdrawal, increased by any employer contributions owed with respect to earlier periods which were collected in those plan years, and decreased by any amount contributed by an employer that withdrew from the plan during those plan years.

(iii) The 5 consecutive plan years ending before the plan year in which the adjustable benefit reduction takes effect may be used in determining the numerator and the denominator in this paragraph (d). If such 5-year period is used, in determining the denominator, if a plan uses an allocation method other than the presumptive method in section 4211(b) of ERISA or similar method, the denominator after the first year is decreased by the contributions of any employers that withdrew from the plan and were unable to satisfy their withdrawal liability claims in any year before the employer's withdrawal.

(iv) In determining the numerator and the denominator in this paragraph (d), the rules under §4211.4 (and permissible modifications under §4211.12 and simplified methods under §§4211.14 and 4211.15) apply.

(e) *Example.* The simplified framework using the static value method under §4211.16(c)(2) for disregarding a benefit suspension is illustrated by the following example.

(1) *Facts.* Assume that a calendar year multiemployer plan receives final authorization by the Secretary of the Treasury for a benefit suspension, effective January 1, 2018. The present value, as of that date, of the benefit suspension is $30 million. Employer A, a contributing employer, withdraws during the 2022 plan year. Employer A's proportional share of contributions for the 5 plan years ending in 2017 (the year before the benefit suspension takes effect) is 10 percent. Employer A's proportional share of contributions for the 5 plan years ending before Employer A's withdrawal in 2022 is 11 percent. The plan uses the rolling-5 method for allocating unfunded vested benefits to withdrawn employers under section 4211 of ERISA. The plan sponsor has adopted by amendment the static value simplified method for disregarding benefit suspensions in determining unfunded vested benefits. Accordingly, there is a one-time valuation of the initial value of the suspended benefits with respect to employer withdrawals occurring during the 2019 through 2028 plan years, the first 10 years of the benefit suspension.

(2) *Unfunded vested benefits allocable to Employer A.* To determine the amount of unfunded vested benefits allocable to Employer A, the plan's actuary first determines the amount of Employer A's withdrawal liability as of the end of 2021 assuming the benefit suspensions remain in effect. Under the rolling-5 method, if the plan's unfunded vested benefits as determined in the plan's 2021 plan year valuation were $170 million (not including the present value of the suspended benefits), the share of these unfunded vested benefits allocable to Employer A is equal to $170 million multiplied by Employer A's allocation fraction of 11 percent, or $18.7 million. The plan's actuary then adds to this amount Employer A's proportional 10 percent share of the $30 million initial value of the suspended benefits, or $3 million. Employer A's share of the plan's unfunded vested benefits for withdrawal liability purposes is $21.7 million ($18.7 million + $3 million).

(3) *Adjustment of allocation fraction.* If another significant contributing employer—Employer B—had withdrawn in 2019 and was unable to satisfy its withdrawal liability claim, the allocation