S. RES. 798

At the request of Mr. RISCH, the names of the Senator from Maryland (Mr. VAN HOLLEN), the Senator from Virginia (Mr. WARNER) and the Senator from Delaware (Mr. COONS) were added as cosponsors of S. Res. 798, a resolution calling on the Government of Ethiopia and the Tigray People's Liberation Front to cease all hostilities, protect the human rights of all Ethiopians, and pursue a peaceful resolution of the conflict in the Tigray region of Ethiopia.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTION

By Mrs. FEINSTEIN (for herself and Ms. CORTEZ MASTO):

S. 5041. A bill to establish the Advisory Committee on Climate Risk on the Financial Stability Oversight Council; to the Committee on Banking, Housing, and Urban Affairs.

Ms. FEINSTEIN. Mr. President, I rise to speak in support of the ''Addressing Climate Financial Risk Act,'' which I introduced today.

BACKGROUND

The average global temperature has increased by over 3 degrees Fahrenheit in parts of my home State of California over the last century, and 2020 is on track to be the hottest year on record. Climate change is driving the increasing frequency and severity of wildfires, floods, droughts, and other natural disasters and extreme weather events.

In California, wildfires in particular have become a major annual concern. This year alone, wildfires have burned 4.1 million acres of California forests and destroyed more than 10,000 structures, including more than 5,000 homes.

The damage and risk generated by these events—in addition to the changes needed to transition to a lower-carbon economy—threaten to severely disrupt real estate values in high-risk areas, make insuring against risk increasingly unaffordable, and dramatically change whole sectors of the economy.

NEED FOR LEGISLATION

Unfortunately, U.S. Federal financial regulators have not done enough to ensure that they fully understand and are appropriately acting on the risk that climate change poses to the stability of the U.S. financial system.

Therefore, I believe there are a series of simple steps we should take to ensure that U.S. financial regulators are well-equipped to mitigate climate financial risk.

This bill would make five main improvements to the U.S. financial regulatory system.

First, it would establish a permanent committee on the Financial Stability Oversight Council (FSOC)—which Congress has charged with identifying risks to the U.S. financial system—made up of experts in climate science, climate economics, and climate financial risk.

This committee would assist FSOC in publishing a report that assesses the ability of the U.S. financial regulatory system to mitigate climate financial risk and makes recommendations for improving its ability to do so.

Second, the bill would require each Federal bank and credit union regulatory agency to update its supervisory guidance to include climate financial risk, and to develop a strategy to identify and mitigate climate financial risk.

Third, the bill would require FSOC to specify how it will take climate financial risk into account when making decisions on whether to subject nonbank financial firms to additional oversight by the Federal Reserve Board.

Fourth, the bill would mandate a report from the Federal Insurance Office on how to modernize and improve the regulation of climate financial risk insurance regulation in the United States.

Finally, the bill would express the sense of Congress that climate change is a global problem, and that U.S. financial regulators should join international organizations focused on addressing climate financial risk and work with financial regulators in other countries to the extent possible and consistent with U.S. law.

CONCLUSION

Climate change is real. It's happening now and it will have a profound effect on our financial system if we continue to do nothing. We must act to ensure that federal financial regulators have expertise in climate financial risk and develop approaches to mitigate that risk.

I hope my colleagues will join me in support of this bill. Thank you, Mr. President, and I yield the floor.

By Mr. GRASSLEY (for himself and Mr. ALEXANDER):

S. 5045. A bill to amend the Internal Revenue Code of 1986 and the Employee Retirement Income Security Act of 1974 to reform the treatment of multiemployer plans, to ensure the ability of the Pension Benefit Guaranty Corporation to provide guaranteed benefits of retirees, and for other purposes; to the Committee on Finance.

Mr. GRASSLEY. Mr. President, in late June, I came to the floor to speak about the need to fix the multiemployer pension system and how that system is failing its employees and retirees. I spoke about the need to secure retirement benefits for the millions of Americans who will start to see plans fail and benefits cut in the coming years if Congress doesn't fix this problem.

For the past 2 weeks, Chairman ALEXANDER and I were negotiating with our Democratic colleagues to do just that—fix the system so future retirees and retirees now would not lose out on what they were promised. Those negotiations were very constructive, and I believe that both sides worked in good faith. While both sides agreed to make significant changes, in the end, we weren't able to find a compromise that satisfied our respective principles and objectives for resolving this situation.

Here is the hang up—time. Now at the end of the session, with the end-of-the-year agenda and adjournment of the Congress, we just ran out of time. So in the midst of yearend appropriations and COVID relief negotiations, there simply wasn't enough time to reconcile our differences on how to fix this failing system.

My hope had been to use the last 8 months to negotiate a solution in a thoughtful and measured manner, instead of like now, in the heat of a complex yearend bill. But sadly, those 8 months didn't produce results.

From the beginning, we have agreed that Federal funds will be needed to solve the crisis in the short term—yes, money from the Treasury for pension plans that are in trouble now. But we have been equally resolute that reforms are essential to ensure the system can be self-sustaining in the long term. So we were trying to find a short-term solution that would involve the injection of Federal dollars, but we wanted a long-term solution that would make sure that private pension plans were self-sustaining and not relying upon the Federal Treasury. Otherwise, taxpayers will be perpetually subsidizing a private sector system of employee benefit promises.

Last November, Chairman ALEXANDER and I presented our comprehensive approach to rescue and reform the multiemployer pension system, which we have been working on and improving ever since. The product was improved with an amazing amount of input from workers, retirees, unions, employers, actuaries, academics, plan officials, and even members of the general public. Something as big as this needed to involve all of those people being at the table.

Today, Chairman ALEXANDER and I will introduce a revised version of that plan, the Chris Allen Multiemployer Pension Recapitalization and Reform Act. This legislation served as the basis for our recent negotiations and is the product of years of work with Chairman ALEXANDER to produce a serious, responsible plan that can provide relief to failing plans and to protect retirees' benefits.

It is also designed to ensure the long-term solvency of the Pension Benefit Guaranty Corporation's multiemployer insurance fund, based on the many comments and proposals we received to the original Grassley-Alexander plan released last November.

We believe this legislation would ensure that the PBGC's multiemployer insurance fund remains solvent over the long term after the initial rescue of the currently failing plans. But, most importantly, this legislation would reform the system to prevent this from happening again.

I would also like to note that the bill is named after Chris Allen, who was a

dedicated member of my Finance Committee staff, who passed away nearly 1 year ago at too young of an age. Chris poured thousands of hours of work into developing, drafting, and perfecting the Grassley-Alexander plan. I am grateful for all the work that Chris did, and I am proud this legislation bears his name.

I am also grateful to Andy Banducci, who helped us continue Chris's work while on detail to the committee from the PBGC for several months earlier this year. His expertise and commitment, especially during the pandemic, were essential to bringing this legislation to completion.

Lastly, Mark Warren of the Finance Committee staff has led my team on this very important issue with the help of Jamie Cummins.

This bill would not be possible without their efforts. So I thank Mark, Jamie, Andy, and Chris for their dedicated service.

Let me close by stressing two points for my Democratic colleagues. I appreciate the Democrats' professional and good-faith effort to try to find an agreement to this important issue. Although we were not able to reconcile our differences before the clock ran out, we need to carry that work forward, and I remain ready to continue that discussion. I want to make clear that, while the last 2 years I have been chairman of the Finance Committee, I won't be chairman the next 2 years, and we will be working under the leadership of the next chairman, Senator CRAPO, if Republicans continue to be in the majority.

These issues are not simple, and as I said in June, delaying the solution is only going to make the whole effort more costly. We should continue to work together to find a solution for the 10 million workers and retirees in these multiemployer plans. America's retirees deserve it.

Mr. President. I ask that the text of the bill be printed in the RECORD.

S. 5045

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Chris Allen Multiemployer Pension Recapitalization and Reform Act of 2020''.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

TITLE I—RESTRUCTURING PENSION INSURANCE FOR MULTIEMPLOYER DEFINED BENEFIT PENSION PLANS

Subtitle A—Special Partitions of Eligible Multiemployer Plans

SEC. 101. SPECIAL PARTITIONS OF ELIGIBLE MULTIEMPLOYER PLANS.

(a) IN GENERAL.—Title IV of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1301 et seq.) is amended by inserting after section 4233 the following:

''SEC. 4233A. SPECIAL PARTITIONS OF ELIGIBLE MULTIEMPLOYER PLANS.

''(a) IN GENERAL.—

''(1) REQUIREMENT TO ORDER PARTITION.—Upon the application by the plan sponsor of an eligible multiemployer plan described in subsection (b) for a partition of the plan, the corporation shall order a partition of the plan in accordance with this section, provided the other requirements in this section are met. The corporation shall make a determination regarding the application not later than 150 days after the date such application was filed (or, if later, the date such application was completed) in accordance with regulations that shall be issued by the corporation under subsection (h).

''(2) NOTIFICATION OF PARTICIPANTS.—Not later than 30 days after submitting an application for partition of a plan under paragraph (1), the plan sponsor of the plan shall notify the participants and beneficiaries of such application, in the form and manner prescribed by the corporation.

''(3) IMPLEMENTATION OF TRANSFER.—The corporation shall implement the partition order issued under this section not later than 60 days after the completion of the corporation's determination under paragraph (1).

''(4) FILING DATE OF APPLICATION.—Partitions under this section shall apply only with respect to any eligible multiemployer plan whose plan sponsor files an application that is determined by the corporation to be complete pursuant to regulations issued by the corporation under subsection (h)(1) and that is filed by the later of the time specified in such regulations or 1 year after the corporation issues such regulations.

''(b) ELIGIBLE MULTIEMPLOYER PLAN.—For purposes of this section—

''(1) IN GENERAL.—The term 'eligible multiemployer plan' means a multiemployer plan that meets any of the following conditions:

''(A) The plan became insolvent (as described in section 4245(b), as in effect the day before the date of enactment of this section) on or after December 16, 2014, and prior to the date of enactment of this section and has not terminated.

''(B) The plan—

''(i)(I) was certified, in the most recent annual certification filed pursuant to section 305(b)(3) (as in effect on the day before the date of enactment of this section) before the date of enactment of this section, to be in critical and declining status (as defined in section 305(b)(6), as so in effect), and has not terminated as of such date;

''(II) implemented a suspension of benefits under section 305(e)(9) (as in effect on the day before the date of enactment of this section) prior to the date of enactment of this section;

''(III)(aa) was certified, in the most recent annual certification filed pursuant to section 305(b)(3) (as so in effect) before the date of enactment of this section, to be in critical status (as defined in section 305(b)(2), as so in effect), and has not terminated as of such date;

''(bb) has a funded percentage that is less than 40 percent on a current liability basis, based on the most recent Form 5500, Schedule MB, line 1b(1) for current value of assets and line 1d(2)(a) for current liability, filed before the date of enactment of this section; and

''(cc) has an active to inactive participant ratio that is below 40 percent as of the most recent Form 5500 filed before the date of enactment of this section; or

''(IV)(aa) was certified, in the most recent annual certification filed pursuant to section 305(b)(3) (as so in effect) before the date of

enactment of this section, to be in critical status (as defined in section 305(b)(2), as so in effect) and has not terminated before such date,

''(bb) has an active to total participant ratio that is below 20 percent as of the most recent Form 5500 filed before the date of enactment of the section; and

''(cc) has more than 100,000 participants as of the most recent Form 5500 filed before the date of enactment of the section; and

''(ii) is not the plan described in section 9701(a)(3) of the Internal Revenue Code of 1986, determined without regard to the limitation on participation to individuals who retired in 1976 and thereafter.

''(2) ELIGIBLE PLANS REQUIRED TO FILE FOR PARTITION.—

''(A) IN GENERAL.—An eligible multiemployer plan (other than a plan eligible under paragraph (1)(B)(i)(II)) shall file with the corporation for partition under this section. If an eligible plan required under the preceding sentence to file for partition does not so file in a timely manner, the plan is subject to termination under section 4042.

''(B) EXCEPTION.—If a plan is reasonably determined to be ineligible for future adjustments under subsection (j)(3)(C)(iii)—

''(i) subparagraph (A) shall not apply to such plan, and

''(ii) such plan may withdraw the partition application (or, as provided by the corporation in regulations, not submit such application at all).

''(c) CONDITIONS FOR PARTITION.—

''(1) RATE OF ACCRUALS.—

''(A) IN GENERAL.—As a condition of any partition under this section, the rate of future accruals, during the period beginning on the date of the partition order and ending 15 years after the effective date of the partition, shall not exceed the lesser of—

''(i) a monthly benefit (payable as a single life annuity commencing at the participant's normal retirement age) equal or equivalent to 1 percent of the annual contributions required to be made with respect to a participant as of the first day of the first plan year that begins after the date of enactment of this section; or

''(ii) the accrual rate under the plan on such first day.

''(B) DETERMINATION OF EQUIVALENT RATE.—The plan sponsor may determine the equivalent rate of future accruals based on the standard or average contribution base units which the plan sponsor determines to be representative for active participants and such other factors as the plan sponsor determines to be relevant. Such determinations by the plan sponsor may be made on the basis of individual active participants, groups of active participants, or all active participants in total.

''(C) SPECIAL RULE FOR FUTURE ACCRUALS.—To the extent that the rate of future accruals exceeds the limitation determined under this paragraph, the plan sponsor shall adjust the rate of future accruals in accordance with this paragraph effective as of the date of the partition order.

''(2) ELIMINATION OF ADJUSTABLE BENEFITS.—As a condition of any partition under this section, the plan sponsor of an eligible multiemployer plan shall eliminate all adjustable benefits in the nature of an early retirement subsidy (including a subsidized early retirement actuarial reduction factor) for all participants not in pay status as of the date of the partition application. Nothing in this paragraph shall affect the right of a participant to receive an unsubsidized early retirement benefit.

''(d) SUCCESSOR PLANS AND ORIGINAL PLANS.—

''(1) IN GENERAL.—The plan created by the partition order is a successor plan to which section 4022A applies.

''(2) PLAN SPONSOR AND PLAN ADMINISTRATOR.—The plan sponsor of an eligible multiemployer plan prior to partition and the administrator of such plan shall be the plan sponsor and the administrator, respectively, of the original plan and the successor plan created by the partition order.

''(3) ORIGINAL PLAN.—The remaining plan after benefits have been transferred to the successor plan pursuant to the partition order is the original plan. Benefit payments made by the successor plan shall not constitute a reduction in benefits with respect to the original plan.

''(e) FINANCIAL ASSISTANCE TO SUCCESSOR PLANS FROM THE CORPORATION.—

''(1) IN GENERAL.—Upon approval of an application filed pursuant to subsection (i), the corporation shall provide financial assistance to each successor plan of an eligible multiemployer plan.

''(2) NONAPPLICABILITY OF REPAYMENT RULE.—Financial assistance provided to a successor plan pursuant to this subsection shall not be subject to the requirements of section 4261(b)(2), except that the corporation may condition receipt of financial assistance under this subsection on reasonable terms consistent with regulations prescribed by the corporation to prevent abuse of the multiemployer plan program or prevent unreasonable risk of loss to the corporation.

''(f) PAYMENT REQUIREMENTS OF ORIGINAL PLAN.—For each participant or beneficiary of the plan whose benefit or portion thereof was transferred to the successor plan, the original plan shall pay a monthly benefit to such participant or beneficiary for each month in which such benefit is in pay status following the effective date of such partition in an amount equal to the excess of—

''(1) the monthly benefit that would be paid to the participant or beneficiary under the terms of the original plan had the transfer of benefits not occurred (taking into account any applicable benefit reductions or plan amendments following the effective date of the partition); over

''(2) the monthly benefit for such participant or beneficiary that is paid by the successor plan.

''(g) TRANSFER OF BENEFITS.—

''(1) IN GENERAL.—A partition order under subsection (a) shall provide for a transfer of benefits from the original plan to the successor plan in the amount necessary for the original plan to be projected to remain solvent indefinitely, as defined in section 1.432(e)(9)–1(d)(5)(ii) of title 26, Code of Federal Regulations (excluding subparagraph (A)(2)), as in effect on the date on which such regulations were issued, using actuarial and other assumptions to be promulgated by the corporation in the regulations described in subsection (h)(4). Such transfer amounts shall be determined without respect to the amount guaranteed under section 4022A.

''(2) CONSIDERATIONS.—

''(A) IN GENERAL.—In determining the transfer amount under paragraph (1), the corporation shall take into account all obligations of the original plan, including the payment of benefits required under subsection (f) in excess of the amount paid by the successor plan and all plan expenses and premium amounts.

''(B) PROJECTION OF ASSETS AND LIABILITIES.—The amount of the transfer of benefits shall be based on a projection of plan assets and liabilities to the projected partition date, as specified in the partition application, and—

''(i) the projection of plan assets shall be based on the fair market value of plan assets as of the end of the last plan year preceding the date of the application, with appropriate adjustments for actual or anticipated plan experience through the projected partition date; and

''(ii) the projection of plan liabilities shall be based on the participant data used in the most recently completed actuarial valuation.

''(3) SPECIAL RULE FOR INSOLVENT PLANS.—With respect to an insolvent plan described in subsection (b)(1)(A), the corporation shall provide financial assistance to the original plan, as needed for the plan to pay to each participant and beneficiary in the successor plan the excess, if any, of—

''(A) the monthly benefit that would be paid to the participant or beneficiary under the terms of the original plan, prior to insolvency, had the transfer of benefits not occurred (taking into account any applicable benefit reductions or plan amendments following the effective date of the partition); over

''(B) the monthly benefit for such participant or beneficiary that is paid by the successor plan.

''(h) REGULATIONS.—

''(1) IN GENERAL.—The corporation shall issue regulations on the requirements for partition applications not later than 180 days after the date of enactment of this section. By regulation, the corporation may assign eligible multiemployer plans into groups, based on plan size (prioritizing larger plans), projected date of plan insolvency (prioritizing plans expected to become insolvent within 5 years), or such other factors as the corporation deems appropriate, for determining when an application for partition under this section may be filed. Any regulations issued under this section shall be interim final or final regulations.

''(2) EFFECT OF NO REGULATION.—If the corporation does not issue regulations within 180 days after the date of enactment of this section, any applications for partition under this section filed after the date that is 180 days after such date of enactment (and prior to the date regulations are issued) shall be deemed to be approved.

''(3) RULES FOR DETERMINING PARTICIPANTS AND BENEFICIARIES.—The regulations under this subsection shall include rules for determining which participants and beneficiaries are included in the transfer of benefits.

''(4) ACTUARIAL ASSUMPTIONS.—The regulations under this subsection shall prescribe acceptable actuarial assumptions, for purposes of an application, relating to the following:

''(A) Future investment returns which must be consistent with the applicable discount rate under section 304, except that—

''(i) in no case shall the assumption for future returns be less than 5.5 percent for purposes of determining the initial partition amount; and

''(ii) in no case, while the partition amount is being determined or while the partition is in effect, shall the assumption used for determining adjustments under subsection (j) be less than the lesser of—

''(I) the rate equal to the 24-month average of the third segment rate (as defined in section 303(h)(2)(C)(iii)), as of the date the determination is made, without regard to section 303(h)(2)(C)(iv), increased by 2 percent; or

''(II) 5.5 percent.

''(B) Future contribution base units.

''(C) Future contribution rate increases, taking into account the adopted rehabilitation plan.

''(D) Future withdrawal liability payments.

''(E) Future administrative expenses.

''(F) Mortality.

''(G) Any other assumptions deemed by the corporation to be material.

''(5) RULES RELATING TO ASSUMPTIONS.—

''(A) INFORMATION REQUIRED.—For purposes of paragraph (4), when prescribing acceptable actuarial assumptions, the corporation shall not require a plan sponsor to obtain data or other information that a plan sponsor should not reasonably be expected to have in its possession, unless it can be obtained with reasonable effort and expense.

''(B) ECONOMIC ACTIVITY ASSUMPTION.—For purposes of paragraph (4)(B), an assumption related to future contribution base units shall be considered reasonable and appropriate for purposes of the application under this section, provided that—

''(i) if the recent experience of the plan has been declining contribution base units, the plan actuary may assume future contribution base units will continue to decline at the same annualized trend as over the 5 immediately preceding plan years unless such assumption is unreasonable based on criteria which may be prescribed by the corporation by regulation, and

''(ii) if the recent experience of the plan has been increasing, or neither increasing nor decreasing, contribution base units, the plan actuary may assume future contribution base units will remain unchanged indefinitely, unless such assumption is unreasonable based on criteria the corporation may prescribe.

''(6) DETERMINATION OF BENEFITS GUARANTEES.—The regulations under this subsection shall include rules for determining the amounts of benefits guaranteed under section 4022A, including acceptable methods to approximate credited service for participants and beneficiaries in pay status where records cannot reasonably be obtained by the plan administrator.

''(i) PARTITION APPLICATIONS.—

''(1) IN GENERAL.—An application for partition under this section submitted by a plan sponsor shall be filed electronically and contain the required information set forth in regulations promulgated by the corporation.

''(2) APPROVAL STANDARDS.—The corporation shall approve a partition application if the applying plan meets the requirements for a partition under this section.

''(3) EVALUATION OF INITIAL TRANSFER.—In reviewing an application under this section, the plan shall propose the initial amount of the transfer of benefits under the partition order that is required under subsection (g)(1) and the corporation shall review and modify the amount, if applicable, pursuant to its regulations.

''(4) DETERMINATIONS BY THE CORPORATION.—

''(A) DETERMINATION OF INELIGIBILITY.—If the corporation determines the plan to be ineligible under subsection (b) for a partition under this section, the corporation shall notify the plan sponsor in writing of such determination not later than 30 days after the application is filed. Such notice shall specify the reasons the plan is ineligible for a special partition. The applicant plan will have a period of at least 60 days, or longer if specified by the Corporation through regulations, to modify its application, which shall be subject to expedited review by the corporation and, for purposes of satisfying the 1-year filing requirement for special partition, will relate back to the date the application was initially filed.

''(B) INCOMPLETE APPLICATIONS.—If the corporation determines the application by the plan sponsor lacks information necessary for the corporation to approve or deny the application, the corporation shall notify the plan sponsor in writing, detailing which components are missing, not later than 30 days after the application is filed. Nothing in the preceding sentence shall prevent the corporation from asking the plan sponsor at a later date for additional information necessary to determine the partition amount.

''(C) FACTUAL SUBMISSIONS BY PLAN SPONSOR.—The factual submissions made by a plan sponsor in a partition application, including participant data and benefit calculations, shall be presumed to be correct, unless clearly erroneous.

''(j) POST–PARTITION ADJUSTMENTS.—

''(1) PROCESS FOR ADJUSTMENTS.—

''(A) IN GENERAL.—After benefits have been transferred under the partition order, the corporation shall, at least every third year thereafter, adjust the transfer of benefits, as necessary to enable the original plan to be projected to remain solvent indefinitely, consistent with limitations on guaranteed benefits (if applicable under paragraph (3)(C)). The adjustments shall be made based on such procedures as the corporation shall prescribe by regulation.

''(B) PLANS PROJECTED TO BE INSOLVENT.—If the original plan is not projected to be solvent 30 years after any adjustment review date (without regard to whether or not an adjustment takes place in connection with such date), taking into account the adjustments permitted by this paragraph, such plan shall electronically file a report with the corporation, as the corporation shall require by regulation. If the plan subsequently reports for 3 consecutive years for which an adjustment review is conducted that the plan is not projected to be solvent 30 years after the date of each such adjustment review, the plan shall be terminated.

''(2) BASIS FOR ADJUSTMENT.—The adjustment shall be based solely on, as applicable, updated participant data, calculations of guaranteed benefits for participants and beneficiaries covered under the successor plan, contribution experience, current actuarial assumptions (if changed since the initial transfer of benefits), and changes in the market value of the original plan's assets.

''(3) LIMITATIONS ON ADJUSTMENT.—

''(A) IN GENERAL.—The corporation shall not adjust under paragraph (1) the transfer of benefits to provide additional financial assistance if the corporation determines that the original plan or the bargaining parties committed an abuse of the multiemployer program with respect to the original plan or otherwise unreasonably took actions (or avoided taking actions) with the result that there is an increased risk of loss to the corporation with respect to the successor plan or the original plan.

''(B) END OF ADJUSTMENT AUTHORITY.— No adjustments under paragraph (1) to the transfer of benefits shall be allowed with respect to any plan year beginning 30 or more years after the date of the partition.

''(C) AGGREGATE LIMITS.—If the initial transfer of benefits from the plan under subsection (g)—

''(i) was less than 100 percent of the amount of benefits under the plan guaranteed under section 4022A for each participant, any adjustment under paragraph (1) shall not result in a benefit for any participant in the successor plan in excess of 100 percent of the participant's guaranteed benefit, determined as of the date of the initial transfer;

''(ii) was equal to or greater than 100 percent of the amount of benefits so guaranteed, any adjustment under paragraph (1) shall not result in a benefit for any participant in the successor plan in excess of the amount of the participant's benefit subject to the initial transfer; and

''(iii) was less than 5 percent of the amount of benefits so guaranteed, there shall be no adjustment under paragraph (1).

''(4) TERMINATED AND INSOLVENT PLANS.—With respect to an original plan partitioned under this section that subsequently is terminated or becomes insolvent, the benefits transferred under the partition order shall revert to the original plan, the partition shall be reversed, and financial assistance provided pursuant to the partition order shall cease.

''(5) REGULATIONS.—The corporation shall promulgate regulations describing the process and requirements for reporting and the circumstances under which plans will be terminated in accordance with the provisions of section 4041A pursuant to this subsection.

''(k) PLANS THAT IMPLEMENTED SUSPENSION OF BENEFITS.—

''(1) IN GENERAL.—An eligible multiemployer plan described in subsection (b)(1)(B)(i)(II) may be approved for a partition under this section only if it unwinds the suspension, and, if applicable, the previous partition described in such subsection in accordance with regulations to be issued by the corporation, in consultation with the Secretary of the Treasury. The unwinding of a suspension or partition described in such subsection must be contingent upon the corporation's approval of the application for partition under this section.

''(2) TIMING OF UNWINDING OF SUSPENSION OF BENEFITS.—In the case of a partition described in paragraph (1), the suspension of benefits shall be unwound retroactively. Benefits shall be restored to pre-suspension levels as of the effective date of the partition under this section and participants who are receiving benefits on the date of enactment of this section shall, beginning not later than 180 days after the approval of a partition order under this section, receive a special payment, payable over a period not to exceed 2 years, equal to the amount of benefits previously suspended as prescribed in regulations. Such plans are subject to the requirements of subsection (c).

''(l) FIDUCIARY PROTECTION.—Plan participants and beneficiaries shall not have a claim under section 409 or section 502 of this Act against plan fiduciaries with respect to an application for partition assistance made in good faith or the allocation of benefit liabilities between the successor plan and the original plan.

''(m) EFFECT OF PARTITION ON WITHDRAWAL LIABILITY.—

''(1) IN GENERAL.—A partition order under this section is taken into account in determining withdrawal liability under section 4201 of an employer that contributes to the original plan, provided that the employer remains a contributing employer to the original plan (and in compliance with any applicable funding improvement or rehabilitation plan) for a period of 15 years following the effective date of the liability transfer.

''(2) WITHDRAWALS AFTER LESS THAN 15 YEARS.—

''(A) IN GENERAL.—If an employer completely withdraws or partially withdraws from a plan that was partitioned under this section at any time within the 15-year period described in paragraph (1), the transfer of benefits under subsection (g) shall not be taken into account in computing the employer's complete or partial withdrawal liability, and the amount of the annual withdrawal liability payment amount otherwise determined shall be increased by 10 percent.

''(B) EXCEPTION.—Subparagraph (A) shall not apply—

''(i) if the complete or partial withdrawal is due to a decertification, a change in bargaining representatives, disclaimer of interest, or because of an event described in section 4218; or

''(ii) in the case of a partial withdrawal due to a bargaining unit or facility take-out if the contribution base units for the plan year immediately following the year of the partial withdrawal are at least 97 percent of the

contribution base units for the plan year immediately preceding the year of the partial withdrawal.

''(3) EXCEPTION.— Paragraphs (1) and (2) shall not apply to an employer that first had an obligation to contribute to the plan partitioned under this section after the date of enactment of this section.

''(n) RESTRICTIONS ON BENEFIT IMPROVEMENTS.—

''(1) INCREASE IN PLAN LIABILITIES.—

''(A) IN GENERAL.—If the plan sponsor adopts a plan amendment that increases plan liabilities (due to any increase in benefits, any change in the accrual of benefits, or any change in the rate at which benefits become nonforfeitable) that takes effect after the effective date of the partition, the original plan shall make payments to the corporation for each year during the 20-year period following the effective date of the benefit increase. For purposes of this paragraph, an increase in benefits due to an increase in the contribution rate or compensation shall be considered a prohibited increase in benefits.

''(B) EXCEPTION FOR CERTAIN ACCRUALS.—Subparagraph (A) shall not apply to any change in future accruals after the end of the 15-year period during which such accruals are limited under subsection (c).

''(2) AMOUNT PAYABLE TO CORPORATION.—The amount paid by the original plan to the corporation under paragraph (1) each year shall be equal to the lesser of—

''(A) the total value of the increase in benefit payments for the year that is attributable to the benefit improvement; or

''(B) the total benefit payments from the successor plan for such year.

''(3) TIMING OF PAYMENT.—Payments under paragraph (2) shall be made by the original plan at the time of, and in addition to, any premium imposed by the corporation on the plan.

''(4) PBGC AUTHORITY.—The corporation is authorized to bring an action against the original plan to prevent or correct any and all actions by plan sponsors, a principal purpose of which is to evade or avoid payments due to the corporation under paragraph (2), or that may have the effect of evading or avoiding such payments. Payments under paragraph (2) shall be determined without regard to such actions by plan sponsors.

''(5) EXCEPTION FOR CERTAIN CHANGES.—The requirements of this subsection do not apply to an increase or change in benefits that is required by law or that is a de minimis change, as determined by the corporation.

''(o) POST-PARTITION DISCLOSURES.—Not later than 90 days after the first day of each plan year beginning after the effective date of a partition under this section, the plan sponsor of the original plan shall electronically file with the corporation a report including the following information:

''(1) The estimated funded percentage (as defined in section 305(k)(2)) as of the first day of such plan year, and the underlying actuarial value of assets and liabilities taken into account in determining such percentage.

''(2) The estimated amount of all investment returns for the original plan during the preceding plan year.

''(3) The market value of the assets of the plan (determined as provided in paragraph (1)) as of the last day of the plan year preceding such plan year.

''(4) The total value of all contributions made by employers and employees during the plan year preceding such plan year.

''(5) The total value of all benefits paid during the plan year preceding such plan year.

''(6) Cash flow projections for such plan year and the 29 succeeding plan years, and the assumptions used in making such projections.

''(7) Funding standard account projections for such plan year and the 9 succeeding plan years, and the assumptions used in making such projections.

''(8) Any significant reduction in the number of active participants during the plan year preceding such plan year, and the reason for such reduction.

''(9) A list of employers that withdrew from the plan in the plan year preceding such plan year, and the resulting reduction in contributions.

''(10) A list of employers that paid withdrawal liability to the plan during the plan year preceding such plan year and, for each employer, a total assessment of the withdrawal liability paid, the annual payment amount, and the number of years remaining in the payment schedule with respect to such withdrawal liability.

''(11) Any material changes to benefits, accrual rates, or contribution rates during the plan year preceding such plan year, and whether such changes relate to the conditions of the partition assistance.

''(12) Details regarding any funding improvement plan or rehabilitation plan and updates to such plan.

''(13) The number of participants and beneficiaries during the plan year preceding such plan year who are active participants, the number of participants and beneficiaries in pay status, and the number of terminated vested participants and beneficiaries.

''(14) For—

''(A) the first plan year after the effective date of the partition, a list of all employers that contributed to the plan during the plan year; and

''(B) subsequent plan years, changes to the list of contributing employers.

''(15) The information contained on the most recent annual return under section 6058 of the Internal Revenue Code of 1986 and actuarial report under section 6059 of such Code of the plan.

''(16) Copies of the plan document and amendments, other retirement benefit or ancillary benefit plans relating to the plan and contribution obligations under such plans, a breakdown of administrative expenses of the plan, participant census data and distribution of benefits, the most recent actuarial valuation report as of the plan year, financial reports, and copies of the portions of collective bargaining agreements relating to plan contributions, funding coverage, or benefits, and such other information as the corporation may reasonably require.

''(17) A list of the employers that contributed more than 5 percent of total contributions to the plan during the preceding plan year, and the amount contributed by each such employer.

Any information or documentary material submitted to the corporation pursuant to this subsection that could identify individual employers, if clearly designated by the person making the submission as confidential (on each page in the case of a document, and in the file name in the case of a digital file), shall be exempt from disclosure under section 552 of title 5, United States Code, and no such information or documentary material may be made public except as may be relevant to any administrative or judicial action or proceeding, including an informal rulemaking.

''(p) RESTRICTIONS ON CONTRIBUTION DECREASES.—

''(1) IN GENERAL.—Subject to paragraph (2), except in any plan year in which the plan is certified by the plan actuary as in unrestricted status pursuant to section 305(b)(1)(B), the plan sponsor of an original plan may not accept a collective bargaining agreement with respect to such original plan that includes a reduction in employer contribution rates.

''(2) EXCEPTION.—Under a process to be promulgated by regulation by the corporation, a plan sponsor of an original plan may petition the corporation for the authority to approve a collective bargaining agreement that contemplates a reduction in employer contribution rates. Such regulation shall include a requirement that a plan petitioning for such authority demonstrate that its existing contribution rates are higher than contribution rates paid on behalf of other workers covered by collective bargaining agreements in the same industry in nearby localities. The corporation shall approve the petition if the plan sponsor demonstrates that the reduction in contribution rates improves the long-term funding or solvency of the plan, and does not increase the corporation's expected loss with respect to the plan.

''(q) EFFECT ON ACCUMULATED FUNDING DEFICIENCY.—Any accumulated funding deficiency (as defined in section 304(a)) of a plan shall be reduced to zero as of the first day of the plan year during which the partition under this section is effective.

''(r) COORDINATION OF REPORTING AND DISCLOSURE REQUIREMENTS.—The corporation, the Secretary, and the Secretary of the Treasury may, individually or collectively, promulgate regulations to reduce reporting and disclosure obligations for successor plans, including coordinating with reporting and disclosure by original plans.''.

(b) CONFORMING AMENDMENT.—Section 4233 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1413) is amended by adding at the end the following:

''(g) This section shall not apply to an eligible multiemployer plan described in section 4233A(b) that receives a special partition under that section.''.

(c) CLERICAL AMENDMENT.—The table of contents in section 1 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.) is amended by inserting after the item relating to section 4233 the following:

''4233A. Special partitions of eligible multiemployer plans.''.

Subtitle B—PBGC Reforms

SEC. 111. GUARANTEE RATE INCREASE FOR PLANS RECEIVING FINANCIAL ASSISTANCE.

(a) IN GENERAL.—Section 4022A(c)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1322(c)(1)) is amended by striking subparagraph (A) and inserting the following:

''(A) 100 percent of the accrual rate up to $15, plus 75 percent of the lesser of—

''(i) $54.67, or

''(ii) the accrual rate, if any, in excess of $15, and''.

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to financial assistance provided by the Pension Benefit Guaranty Corporation—

(A) to plans that become insolvent after the date of the enactment of this Act; or

(B) pursuant to a special partition under section 4233A of the Employee Retirement Income Security Act of 1974, as added by this Act.

(2) EXCEPTION FOR PARTITIONS ON OR BEFORE DATE OF ENACTMENT.—The amendments made by this section shall not apply to financial assistance provided by the Pension Benefit Guaranty Corporation pursuant to a partition of a multiemployer plan occurring on or before the date of the enactment of this Act.

SEC. 112. AMENDMENT TO DEFINITION OF INSOLVENCY.

(a) AMENDMENTS TO EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 4245

of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1426) is amended—

(1) by amending subsection (a) to read as follows:

''(a) Notwithstanding sections 203 and 204, an insolvent multiemployer plan shall suspend the payments of benefits which are not basic benefits, in accordance with this section, and terminate the plan under section 4041A(a)(4).'';

(2) in subsection (b)—

(A) by striking paragraphs (1) and (2) and inserting the following:

''(1) a multiemployer plan is insolvent if the plan's available resources in any of the next 5 plan years are projected not to be sufficient to pay benefits under the plan when due for the plan year;'';

(B) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively; and

(C) in paragraph (2), as so redesignated, by inserting ''expected'' before ''contributions'';

(3) by striking subsection (c);

(4) by redesignating subsections (d) through (g) as subsections (c) through (f), respectively;

(5) in subsection (c), as so redesignated—

(A) in paragraph (1)—

(i) by striking ''critical status, as described in subsection 305(b)(2),)'' and inserting ''such critical status)'';

(ii) by striking ''3 times'' and inserting ''10 times''; and

(iii) by striking ''5 plan years'' each place such term appears and inserting ''8 plan years'';

(B) in paragraph (2)—

(i) by striking ''plan's available resources are not sufficient to pay benefits under the plan when due for the next plan year'' and inserting ''plan will be insolvent in any of the next 10 plan years''; and

(ii) by inserting ''and the corporation'' before the period at the end;

(C) by striking paragraph (3); and

(D) by redesignating paragraph (4) as paragraph (3).

(6) in subsection (d), as so redesignated—

(A) in paragraph (1)—

(i) by striking ''subsection (d)(1) or (2)'' and inserting ''subsection (c)(1) or (2)''; and

(ii) by striking ''Treasury,'' in subparagraph (A) and inserting ''Treasury and'';

(B) in paragraph (2)—

(i) by striking ''resource benefit level determined in writing for that insolvency year'' and inserting ''reduction of benefit payments to the level of basic benefits and the termination of the plan under section 4041A(a)(4) as of the first day of the seventh full plan month of the plan's first insolvency year under subsection (b)(3)''; and

(ii) by striking ''each insolvency year'' and inserting ''the first insolvency year'';

(C) by striking paragraph (3); and

(D) by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively;

(7) in subsection (e), as so redesignated—

(A) in paragraph (1) by striking '', for which the resource benefit level is above the level of basic benefits,''; and

(B) by striking paragraph (2) and inserting after paragraph (1) the following new paragraph:

''(2) A plan sponsor who has determined that the plan's available resources for an insolvency year are below the level of basic benefits shall apply for financial assistance from the corporation under section 4261.''; and

(8) in subsection (f), as so redesignated, by striking ''Subsections (a) and (c)'' and inserting ''Subsection (a)''.

(b) AMENDMENTS TO INTERNAL REVENUE CODE OF 1986.—Section 418E of the Internal Revenue Code of 1986 is amended—

(1) by amending subsection (a) to read as follows:

''(a) SUSPENSION OF CERTAIN BENEFIT PAYMENTS; TERMINATION.—Notwithstanding section 411, an insolvent multiemployer plan shall suspend the payments of benefits which are not basic benefits, in accordance with this section, and terminate the plan under section 4041A(a)(4) of the Employee Retirement Income Security Act of 1974.'';

(2) in subsection (b)—

(A) by striking paragraphs (1) and (2) and inserting the following:

''(1) INSOLVENT MULTIEMPLOYER PLAN.—A multiemployer plan is insolvent if the plan's available resources in any of the next 5 plan years are projected not to be sufficient to pay benefits under the plan when due for the plan year.'';

(B) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively; and

(C) in paragraph (2), as so redesignated, by inserting ''expected'' before ''contributions'';

(3) by striking subsection (c);

(4) by redesignating subsections (d) through (h) as subsections (c) through (g), respectively;

(5) in subsection (c), as so redesignated—

(A) in paragraph (1)—

(i) by striking ''critical status, as described in subsection 432(b)(2))'' and inserting ''such critical status)'';

(ii) by striking ''3 times'' and inserting ''10 times''; and

(iii) by striking ''5 plan years'' each place such term appears and inserting ''8 plan years'';

(B) in paragraph (2)—

(i) by striking ''plan's available resources are not sufficient to pay benefits under the plan when due for the next plan year'' and inserting ''plan will be insolvent in any of the next 10 plan years''; and

(ii) by inserting ''and the corporation'' before the period at the end;

(C) by striking paragraph (3); and

(D) by redesignating paragraph (4) as paragraph (3);

(6) in subsection (d), as so redesignated—

(A) in paragraph (1), by striking ''subsection (d)(1) or (2)'' and inserting ''subsection (c)(1) or (2)'';

(B) in paragraph (2)—

(i) by striking ''resource benefit level determined in writing for that insolvency year'' and inserting ''reduction of benefit payments to the level of basic benefits and the termination of the plan under section 4041A(a)(4) of the Employee Retirement Income Security Act of 1974 as of the first day of the seventh full plan month of the plan's first insolvency year under subsection (b)(3)'';

(ii) by striking ''each insolvency year'' and inserting ''the first insolvency year''; and

(iii) by striking ''RESOURCE BENEFIT LEVEL'' in the heading and inserting ''NOTICE OF INSOLVENCY'';

(C) by striking paragraph (3); and

(D) by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively;

(7) in subsection (e), as so redesignated—

(A) in paragraph (1) by striking '', for which the resource benefit level is above the level of basic benefits,''; and

(B) by striking paragraph (2) and inserting after paragraph (1) the following new paragraph:

''(2) PLANS WITHOUT AVAILABLE RESOURCES.—A plan sponsor who has determined that the plan's available resources for an insolvency year are below the level of basic benefits shall apply for financial assistance from the Pension Benefit Guaranty Corporation under section 4261 of the Employee Retirement Income Security Act of 1974.''; and

(8) in subsection (g), as so redesignated, by striking ''Subsections (a) and (c)'' and inserting ''Subsection (a)''.

(c) REGULATIONS.—The Pension Benefit Guaranty Corporation shall issue regulations implementing the amendments made by this section. Such regulations shall address the assumptions a plan may use in projecting whether a plan's available resources in any of the next 5 plan years are projected not to be sufficient to pay benefits under the plan when due.

SEC. 113. TERMINATION OF MULTIEMPLOYER PLANS.

(a) TERMINATION BY COURT ORDER.—Section 4041A of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1341a) is amended by adding at the end the following:

''(g) EFFECT OF TERMINATION ORDER.—If a court orders the termination of a multiemployer plan under section 4042—

''(1) the corporation shall determine whether the termination of such plan shall be carried out in accordance with paragraph (1) or (2) of subsection (a) (and such termination shall be treated as described in whichever of such paragraphs is applicable under the determination), and

''(2) the plan shall take such actions as the corporation determines necessary to implement the corporation's determination under paragraph (1) by such date as the corporation specifies in such determination.''.

(b) TERMINATION BY REASON OF INSOLVENCY.—

(1) IN GENERAL.—Section 4041A(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1341a(a)) is amended—

(A) in paragraph (2), by striking ''or'' at the end;

(B) in paragraph (3)—

(i) by striking ''section 4203(b)(1)'' and inserting ''section 4021(b)(1)''; and

(ii) by striking the period and inserting ''; or''; and

(C) by adding at the end the following:

''(4) becoming insolvent (within the meaning of section 4245(b)(1).''.

(2) TIME OF TERMINATION.—Section 4041A(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1341a(b)) is amended by adding at the end the following new paragraphs:

''(3) Except as provided in paragraph (4), the date on which a plan terminates under paragraph (4) of subsection (a) is the first day of the seventh full plan month of the plan's first insolvency year under section 4245(b)(3).

''(4)(A) In the case of a multiemployer plan which is an insolvent plan on the date of enactment of this paragraph—

''(i) paragraph (4) of subsection (a) shall apply to such plan unless such plan applies for, and receives, a special partition under section 4233A, and

''(ii) the date on which plan terminates shall be determined under subparagraph (B).

''(B) In the case of a plan described in subparagraph (A), the date on which a plan terminates under paragraph (4) of subsection (a) is—

''(i) if the plan is not eligible for a special partition under section 4233A, the first day of the seventh full plan month following such date of enactment, except that such plan may, notwithstanding the amendment required to be adopted by the plan under section 4245(a), continue to provide service credit solely for purposes of vesting under the plan until such time as the plan's available resources are not sufficient to pay benefits under the plan, and

''(ii) if the plan applies for such special partition but the corporation does not approve it, the first day of the seventh full plan month following the final determination of the corporation disallowing such special partition.''.

(3) ADOPTION OF AMENDMENT PROVIDING FOR NO SERVICE CREDIT.—Section 4245(a) of such

Act (29 U.S.C. 1426(a)), as amended by this Act, is amended by adding at the end the following: ''The insolvent multiemployer plan shall also, at the time of becoming insolvent, adopt an amendment which provides that participants will receive no credit for any purpose under the plan for service with any employer after the date specified in 4041A(b)(3) or (4), whichever is applicable.''

(4) OTHER AMENDMENTS.—Section 4041A of such Act of 1974 (29 U.S.C. 1341a) is amended—

(A) in subsection (c)—

(i) in the matter preceding paragraph (1)—

(I) by striking ''Except'' and inserting ''Consistent with the provisions of section 4281, and except''; and

(II) by striking ''paragraph (2)'' and inserting ''paragraph (1), (2), or (4)'';

(ii) in paragraph (1), by striking ''and'' at the end;

(iii) by redesignating paragraph (2) as paragraph (3); and

(iv) by inserting after paragraph (1) the following:

''(2) suspend the payment of benefits in excess of the level of basic benefits, and'';

(B) by striking subsection (d) and redesignating subsections (e) and (f) as subsections (d) and (e), respectively; and

(C) in subsection (d), as so redesignated—

(i) by striking ''paragraph (1) or (3)'' and inserting ''paragraph (1), (3), or (4)'';

(ii) by striking ''termination date, unless'' and inserting ''termination date and the total contribution amount shall be not less than the average amount of the highest 3 contributions in the previous 10 years, unless''; and

(iii) by adding at the end the following new sentence: ''Any liability under section 4201 due by an employer that withdraws from the plan after the plan termination date shall be offset by the contributions made under this subsection subsequent to the plan termination.''.

(c) POOLING OF ASSETS.—Section 4041A of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1341a), as amended by this section, is further amended by adding at the end the following:

''(g) POOLING OF ASSETS.—Notwithstanding any other provision of this title, the corporation is authorized to pool assets of terminated or insolvent multiemployer plans with fewer than 5,000 participants or to consolidate such plans by merger, for purposes of administration, investment, payment of liabilities of all such plans, and such other purposes as it determinates to be appropriate in the administration of this title, if it determines that such action would reduce administrative expenses or avoid an increased risk of loss. The corporation may exercise this consolidation authority by administrative action without petitioning a court for an order to replace the plan's governing board of trustees, including receivership by the corporation, or to consolidate or merge any plans.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of enactment of this section, except that the amendments made by subsection (b) shall also apply to multiemployer plans that are insolvent on such date.

SEC. 114. BENEFITS UNDER CERTAIN TERMINATED PLANS.

Section 4281 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1441) is amended—

(1) in subsection (a), by striking ''section 4041A(d)'' and inserting ''Section 4041A(c)'';

(2) by striking subsections (b), (c), and (d); and

(3) by inserting after subsection (a) the following:

''(b)(1) If a plan has been terminated pursuant to paragraph (1), (2), or (4) of section 4041A(a), the plan sponsor shall amend the plan to suspend benefits in excess of the level of basic benefits.

''(2) Any plan amendment required by this subsection shall, in accordance with regulations prescribed by the corporation, take effect not later than 6 months after the date on which the plan is terminated.

''(c)(1) The value of nonforfeitable benefits under a terminated plan described in subsection (a), and the value of the plan's assets, shall be determined in writing, in accordance with regulations prescribed by the corporation, as of the end of the plan year during which section 4041A(c) becomes applicable to such plan.

''(2) For purposes of this subsection, plan assets include outstanding claims for withdrawal liability (within the meaning of section 4001(a)(12).

''(3) If, according to the determination made under paragraph (1), the value of plan assets is sufficient to pay nonforfeitable benefits, the plan sponsor shall use the plan assets to purchase irrevocable commitments to provide such benefits from an insurer or otherwise distribute plan assets in satisfaction of the plan's obligations with respect to nonforfeitable benefits, in accordance with all applicable regulations.

''(d)(1) If, according to the determination made under subsection (c)(1), the value of nonforfeitable benefits exceeds the value of the plan's assets, the plan sponsor shall amend the plan to reduce benefits under the plan as provided in paragraph (2).

''(2) Any plan amendment required by paragraph (1) shall, in accordance with regulations prescribed by the corporation—

''(A) reduce benefits to the extent necessary to eliminate any benefits that are not nonforfeitable;

''(B) reduce accrued benefits to the extent that those benefits are not eligible for the corporation's guarantee under section 4022A(b); and

''(C) suspend payment of benefits which are not basic benefits under section 4022A(c).

''(e) The powers and duties under this section of a sponsor of a plan that is terminated as described in section 4041A, before or after the plan begins receiving financial assistance under section 4261, shall be prescribed by the corporation, and the corporation shall prescribe by regulation the requirements which assure that plan participants and beneficiaries receive adequate notice of any suspension of benefits.''.

Subtitle C—Pension Insurance Modeling

SEC. 121. PENSION INSURANCE MODELING.

Section 40233(a) of the Moving Ahead for Progress in the 21st Century Act (126 Stat. 857; Public Law 112–141) is amended—

(1) in the subsection heading, by striking ''ANNUAL'';

(2) by striking ''The Pension'' and inserting ''Not later than January 1, 2025, and not less frequently than once every 5 years thereafter, the Pension'';

(3) by striking ''an annual peer review'' and inserting ''a peer review''; and

(4) by striking the third sentence.

TITLE II—FUNDING RULES, WITHDRAWAL LIABILITY, AND OTHER REFORMS

Subtitle A—Minimum Funding Standard for Multiemployer Plans

SEC. 201. VALUATION OF PLAN LIABILITIES.

(a) AMENDMENTS TO INTERNAL REVENUE CODE OF 1986.—

(1) CHARGES TO FUNDING STANDARD ACCOUNT.—Subparagraph (B) of section 431(b)(2) of the Internal Revenue Code of 1986 is amended—

(A) by striking ''and'' at the end of clause (iii),

(B) by redesignating clause (iv) as clause (v),

(C) by striking ''actuarial assumptions'' in clause (v), as so redesignated, and inserting ''actuarial assumptions not described in clause (iv)'', and

(D) by inserting after clause (iii) the following new clause:

''(iv) separately, with respect to each plan year, an amount equal to the excess, if any, of—

''(I) the net increase (if any) in the unfunded past service liability resulting from a reduction in the interest rate under paragraph (6)(A) from the rate which applied for the preceding year, over

''(II) the amount in the investment risk reduction subaccount under paragraph (9),

over a period of 30 years, and''.

(2) CREDITS TO FUNDING STANDARD ACCOUNT.—Clause (iii) of section 431(b)(3)(B) of such Code is amended by inserting '', except that any amount of net gain resulting from an increase in the interest rate from the rate which applied for the preceding year shall first be offset against any unamortized amounts charged under paragraph (2)(B)(iv)'' after ''15 plan years''.

(3) INTEREST.—Paragraph (6) of section 431(b) of such Code is amended to read as follows:

''(6) INTEREST.—

''(A) IN GENERAL.—The funding standard account (and items therein) shall be charged or credited (as determined under regulations prescribed by the Secretary) with interest at the appropriate rate consistent with the rate or rates of interest used under the plan to determine the unfunded past service liability. Notwithstanding any other provision of this section, the interest rate used shall not exceed—

''(i) 7.5 percent for actuarial valuations for plan years beginning after December 31, 2020, and before January 1, 2024,

''(ii) 7.25 percent for actuarial valuations for plan years beginning after December 31, 2023, and before January 1, 2028,

''(iii) 7.0 percent for actuarial valuations for plan years beginning after December 31, 2027, and before January 1, 2032,

''(iv) 6.75 percent for actuarial valuations for plan years beginning after December 31, 2031, and before January 1, 2036, and

''(v) 6.5 percent for actuarial valuations for plan years beginning after December 31, 2035.

Notwithstanding subsection (c), the plan sponsor may direct the plan actuary to use any rate which is not lower than the rate determined under subparagraph (B) (without regard to this sentence) and not greater than the rate determined under the preceding sentence. for the plan year. Nothing in this subparagraph shall require a plan to take into account the interest rate limitation for subsequent years under the preceding sentence in determining actuarial valuations as of any given year.

''(B) INTEREST RATE FOR DETERMINING NORMAL COST.—Notwithstanding any other provision of this section, the interest rate used for determining the normal cost to be charged under paragraph (2) for the plan year shall be equal to the least of—

''(i) the interest rate applicable under subparagraph (A) for the plan year,

''(ii) a rate equal to the 24-month average of the third segment rate (as defined in section 430(h)(2)(C)(iii)), as of the date the determination is made, without regard to section 430(h)(2)(C)(iv), increased by 2 percent, or

''(iii) 5.5 percent.

''(C) EXCEPTION FOR CERTAIN PARTITIONED PLANS.—Notwithstanding subparagraph (A), in the case of a plan which has been partitioned under section 4233A of the Employee Retirement Income Security Act of 1974, the rate of interest used to determine normal cost under subparagraph (B) shall also be

used to determine the unfunded past service liability of the plan.

''(D) EXCEPTION FOR PLANS USING A SPREAD-GAIN METHOD.—Notwithstanding subparagraph (B), and except as noted in subparagraph (C), in the case of a plan which uses a funding method other than the unit credit method or entry-age normal method—

''(i) the normal cost and past service liability shall be calculated using interest rates under subparagraph (A),

''(ii) an additional normal cost component shall be calculated in the same manner as under paragraph (9)(B)(i) based on the unit credit method, and

''(iii) the amount determined under clause (ii) shall be added to the otherwise calculated normal cost under the funding method in lieu of the credit under paragraph (9)(B)(i).''.

(4) INVESTMENT RISK REDUCTION SUBACCOUNT.—Subsection (b) of section 431 of such Code is amended by adding at the end the following new paragraph:

''(9) INVESTMENT RISK REDUCTION SUBACCOUNT.—For purposes of this part—

''(A) IN GENERAL.—The funding standard account shall include an investment risk reduction subaccount used solely to offset losses attributable to reductions in the rate of interest used to determine the unfunded past service liability of the plan over time.

''(B) ANNUAL ADJUSTMENTS.—For a plan year, the investment risk reduction subaccount shall be—

''(i) credited with the net change (if any) in the normal cost for the immediately preceding plan year due to recalculation to reflect the difference in interest rates under paragraphs (6)(A) and (6)(B),

''(ii) charged with the amount of any reduction applied under paragraph (2)(B)(iv)(II), or, in the case of a plan using a spread-gain method, an amount equal to the lesser of—

''(I) the entire remaining balance of such subaccount immediately before the charge, or

''(II) the amount of the increase in the present value of benefits resulting from a decrease in the interest rate from the rate which applied for the preceding year,

''(iii) at the election of the plan sponsor, and pursuant to regulations to be issued by the Secretary, credited with the net decrease in the unfunded past service liability (or present value of benefits, in the case of a plan using a spread-gain method) resulting from an increase in the interest rate under paragraph (6)(A), not to exceed the amount of any previous charges to the account under clause (ii), reduced by any previous credits under this clause, and

''(iv) adjusted with interest at the rate under paragraph (6)(A), as applicable.''.

(5) DETERMINATIONS TO BE MADE UNDER FUNDING METHOD.—Paragraph (1) of section 431(c) of such Code is amended to read as follows:

''(1) DETERMINATIONS TO BE MADE UNDER FUNDING METHOD.—

''(A) IN GENERAL.—For purposes of this part, normal costs, accrued liability, and experience gains and losses used to determine the unfunded past service liability for the plan shall be determined under the funding method used to determine costs under the plan and based on the interest rate under subparagraph (A) (or subparagraph (C), if applicable) of subsection (b)(6).

''(B) ADJUSTMENTS FOR FUNDING STANDARD ACCOUNT NORMAL COST.—Notwithstanding subparagraph (A), in the case of a plan using the unit credit funding method or the entry-age normal funding method, the normal cost for a plan year to be charged to the funding standard account under subsection (b)(2) shall be determined under the funding method used to determine costs under the plan and based on the interest rate under subsection (b)(6)(B).''.

(b) AMENDMENTS TO EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) CHARGES TO FUNDING STANDARD ACCOUNT.—Subparagraph (B) of section 304(b)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1084(b)(2)) is amended—

(A) by striking ''and'' at the end of clause (iii),

(B) by redesignating clause (iv) as clause (v),

(C) by striking ''actuarial assumptions'' in clause (v), as so redesignated, and inserting ''actuarial assumptions not described in clause (iv)'', and

(D) by inserting after clause (iii) the following new clause:

''(iv) separately, with respect to each plan year, an amount equal to the excess, if any, of—

''(I) the net increase (if any) in the unfunded past service liability resulting from a reduction in the interest rate under paragraph (6)(A) from the rate which applied for the preceding year, over

''(II) the amount in the investment risk reduction subaccount under paragraph (9),

over a period of 30 years, and''.

(2) CREDITS TO FUNDING STANDARD ACCOUNT.—Clause (iii) of section 304(b)(3)(B) of such Act (29 U.S.C. 1084(b)(3)(B)) is amended by inserting '', except that any amount of net gain resulting from an increase in the interest rate from the rate which applied for the preceding year shall first be offset against any unamortized amounts charged under paragraph (2)(B)(iv)'' after ''15 plan years''.

(3) INTEREST.—

(A) IN GENERAL.—Paragraph (6) of section 304(b) of such Act (29 U.S.C. 1084(b)) is amended to read as follows:

''(6) INTEREST.—

''(A) IN GENERAL.—The funding standard account (and items therein) shall be charged or credited (as determined under regulations prescribed by the Secretary) with interest at the appropriate rate consistent with the rate or rates of interest used under the plan to determine the unfunded past service liability. Notwithstanding any other provision of this section, this interest rate shall not exceed—

''(i) 7.5 percent for actuarial valuations for plan years beginning after December 31, 2020, and before January 1, 2024,

''(ii) 7.25 percent for actuarial valuations for plan years beginning after December 31, 2023, and before January 1, 2028,

''(iii) 7.0 percent for actuarial valuations for plan years beginning after December 31, 2027, and before January 1, 2032,

''(iv) 6.75 percent for actuarial valuations for plan years beginning after December 31, 2031, and before January 1, 2036, and

''(v) 6.5 percent for actuarial valuations for plan years beginning after December 31, 2035.

Notwithstanding subsection (c), the plan sponsor may direct the plan actuary to use any rate which is not lower than the rate determined under subparagraph (B) (without regard to this sentence) and not greater than the rate determined under the preceding sentence. for the plan year. Nothing in this subparagraph shall require a plan to take into account the interest rate limitation for subsequent years under the preceding sentence in determining actuarial valuations as of any given year.

''(B) INTEREST RATE FOR DETERMINING NORMAL COST.—Notwithstanding any other provision of this section, the interest rate used for determining the normal cost to be charged under paragraph (2) for the plan year shall be equal to the least of—

''(i) the interest rate applicable under subparagraph (A) for the plan year,

''(ii) a rate equal to the 24-month average of the third segment rate (as defined in section 303(h)(2)(C)(iii)), as of the date the determination is made, without regard to section 303(h)(2)(C)(iv), increased by 2 percent, or

''(iii) 5.5 percent.

''(C) EXCEPTION FOR CERTAIN PARTITIONED PLANS.—Notwithstanding subparagraph (A), in the case of a plan which has been partitioned under section 4233A, the rate of interest used to determine normal cost under subparagraph (B) shall also be used to determine the unfunded past service liability of the plan.

''(D) EXCEPTION FOR PLANS USING A SPREAD-GAIN METHOD.—Notwithstanding subparagraph (B), and except as noted in subparagraph (C), in the case of a plan which uses a funding method other than the unit credit method or entry-age normal method—

''(i) the normal cost and past service liability shall be calculated using interest rates under subparagraph (A),

''(ii) an additional normal cost component shall be calculated in the same manner as under paragraph (9)(B)(i) based on the unit credit method, and

''(iii) the amount determined under clause (ii) shall be added to the otherwise calculated normal cost under the funding method in lieu of the credit under paragraph (9)(B)(i).''.

(B) CONFORMING AMENDMENT.—Subparagraph (A) of section 4233A(h)(4) of such Act, as added by this Act, is amended by inserting '', consistent with section 304(b)(6)(C)'' before the period.

(4) INVESTMENT RISK REDUCTION SUBACCOUNT.—Subsection (b) of section 304 of such Act (29 U.S.C. 1084) is amended by adding at the end the following new paragraph:

''(9) INVESTMENT RISK REDUCTION SUBACCOUNT.—For purposes of this part—

''(A) IN GENERAL.—The funding standard account shall include an investment risk reduction subaccount used solely to offset losses attributable to reductions in the rate of interest used to determine the unfunded past service liability of the plan over time.

''(B) ANNUAL ADJUSTMENTS.—For a plan year, the investment risk reduction subaccount shall be—

''(i) credited with the net change (if any) in the normal cost for the immediately preceding plan year due to recalculation to reflect the difference in interest rates under paragraphs (6)(A) and (6)(B),

''(ii) charged with the amount of any reduction applied under paragraph (2)(B)(iv)(II), or, in the case of a plan using a spread-gain method, an amount equal to the lesser of—

''(I) the entire remaining balance of such subaccount immediately before the charge, or

''(II) the amount of the increase in the present value of benefits resulting from a decrease in the interest rate from the rate which applied for the preceding year,

''(iii) at the election of the plan sponsor, and pursuant to regulations to be issued by the Secretary of the Treasury, credited with the net decrease in the unfunded past service liability (or present value of benefits, in the case of a plan using a spread-gain method) resulting from an increase in the interest rate under paragraph (6)(A), not to exceed the amount of any previous charges to the account under clause (ii), reduced by any previous credits under this clause, and

''(iv) adjusted with interest at the rate under paragraph (6)(A), as applicable.''.

(5) DETERMINATIONS TO BE MADE UNDER FUNDING METHOD.—Paragraph (1) of section 304(c) of such Act (29 U.S.C. 1084(c)) is amended to read as follows:

''(1) DETERMINATIONS TO BE MADE UNDER FUNDING METHOD.—

''(A) IN GENERAL.—For purposes of this part, normal costs, accrued liability, and experience gains and losses used to determine the unfunded past service liability for the plan shall be determined under the funding method used to determine costs under the plan and based on the interest rate under subparagraph (A) (or subparagraph (C), if applicable) of subsection (b)(6).

''(B) ADJUSTMENTS FOR FUNDING STANDARD ACCOUNT NORMAL COST.—Notwithstanding subparagraph (A), in the case of a plan using the unit credit funding method or the entry-age normal funding method, the normal cost for a plan year to be charged to the funding standard account under subsection (b)(2) shall be determined under the funding method used to determine costs under the plan and based on the interest rate under subsection (b)(6)(B).''.

(c) PLAN PETITIONS TO INCREASE INTEREST ASSUMPTIONS.—

(1) IN GENERAL.—Pursuant to regulations to be issued by the Secretary of the Treasury (or such Secretary's delegate), a multiemployer plan must petition the Secretary of the Treasury (or delegate) for any increase in the interest assumption made after a 30-year amortization base is established in accordance with section 431(b)(2)(B)(iv) of the Internal Revenue Code of 1986 and section 304(b)(2)(B)(iv) of the Employee Retirement Income Security Act of 1974 (as added by this Act). The Secretary of the Treasury (or delegate) shall approve such request upon a determination that the change is reasonably supported by changes in the financial markets or changes in the plan's asset allocation, and is consistent with the manner in which prior changes in interest rate assumptions were determined since the date of the enactment of this Act.

(2) APPROVAL.—If the Secretary of the Treasury (or such Secretary's delegate) does not approve or deny any petition submitted pursuant to paragraph (1) within 180 days of receiving such petition, such petition shall be deemed to have been approved.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2020.

Subtitle B—Additional Funding Rules for Multiemployer Plans

PART I—PLAN STATUS AMENDMENTS

SEC. 211. AMENDMENTS TO INTERNAL REVENUE CODE OF 1986.

(a) RULES APPLYING TO ALL MULTIEMPLOYER PLANS.—

(1) IN GENERAL.—Subsection (a) of section 432 of the Internal Revenue Code of 1986 is amended—

(A) by striking ''a multiemployer plan in effect on July 16, 2006—'' and inserting ''any multiemployer plan—'',

(B) by redesignating paragraphs (1), (2), and (3) as paragraphs (2), (3), and (4), respectively,

(C) by inserting before paragraph (2), as so redesignated, the following new paragraph:

''(1) the rules of subsection (c) shall apply,'',

(D) by striking ''subsection (c)'' in paragraph (2)(A), as so redesignated, and inserting ''subsection (d)'',

(E) by striking ''subsection (d)'' in paragraph (2)(B), as so redesignated, and inserting ''subsection (e)'',

(F) by striking ''subsection (e)'' in paragraph (3)(A), as so redesignated, and inserting ''subsection (f)'',

(G) by striking ''subsection (f)'' in paragraph (3)(B), as so redesignated, and inserting ''subsection (g)'', and

(H) by striking ''subsection (e)(9)'' in paragraph (4)(B), as so redesignated, and inserting ''subsection (f)(9)''.

(2) RULES OF IMMEDIATE APPLICATION.—Section 432 of such Code is amended—

(A) by redesignating subsections (c), (d), (e), (f), (g), (h), (i), and (j) as subsections (d), (e), (f), (g), (h), (i), (j), and (k), respectively, and

(B) by inserting after subsection (b) the following new subsection:

''(c) RULES APPLYING TO ALL MULTIEMPLOYER PLANS.—

''(1) BENEFIT INCREASES.—

''(A) INCREASES BY PLAN AMENDMENT.—The plan sponsor of any multiemployer plan shall not adopt a plan amendment which increases plan liabilities (as determined as of the date of the adoption of the amendment) due to any increase in benefits, any change in the accrual rate of benefits, or any change in the rate at which benefits become nonforfeitable, unless—

''(i) if the plan is in unrestricted status as of the adoption of such amendment, the plan actuary certifies in accordance with subsection (b)(4) that the increase in liabilities will not cause the plan to no longer be in unrestricted status,

''(ii) if the plan is in stable status as of the adoption of such amendment, the plan actuary certifies in accordance with subsection (b)(4) that any such increase or change in benefits will be paid from additional contributions not required by any collective bargaining agreement in effect as of the adoption of the amendment,

''(iii) if the plan is in endangered status as of the adoption of such amendment, the plan actuary certifies in accordance with subsection (b)(4) that any such increase or change in benefits will be paid from additional contributions not contemplated in any current funding improvement plan, or

''(iv) the increase or change in benefits is required by law or is a de minimis change.

''(B) INCREASES UNDER CRITICAL OR CRITICAL AND DECLINING STATUS.—Unless required as a condition of qualification under part I of this subchapter or to comply with other applicable law, in the case of a plan which is in critical or critical and declining status, no increase in benefits, change in the accrual rate of benefits, or change in the rate at which benefits become nonforfeitable which increases plan liabilities shall take effect while the plan is in such status, without regard to whether such increase or change would otherwise occur under the provisions of the plan, unless the increase in plan liabilities due to the change is de minimis.

''(2) CONTRIBUTION REDUCTIONS.—The plan sponsor of any multiemployer plan shall not accept any collective bargaining agreement or participation agreement which reduces the rate of contributions under the plan for any participants, suspends contributions with respect to any period of service, or directly or indirectly excludes younger, probationary, or newly hired employees from participation in the plan, unless—

''(A) the plan is in unrestricted status as of the adoption of such agreement and the plan actuary certifies in accordance with subsection (b)(4) that the reduction in contributions will not cause the plan to no longer be in unrestricted status,

''(B) the reduction in contributions is accompanied by a reduction in future accruals for the affected participants, and the plan actuary certifies in accordance with subsection (b)(4) that the combined effect of the changes in contributions and benefits is not projected to reduce the funded percentage of the plan in any year, or

''(C) subject to regulations issued by the Secretary, the plan sponsor reasonably determines that the acceptance of such an agreement is in the best interests of plan participants and beneficiaries and that rejection of the agreement would have an adverse financial effect on the plan.''.

(3) STABLE AND UNRESTRICTED PLANS.—Subsection (b) of section 432 of such Code is amended—

(A) by striking ''ENDANGERED AND CRITICAL'' in the heading,

(B) by redesignating paragraphs (1), (2), (3), (4), (5), and (6) as paragraphs (2), (3), (4), (5), (6), and (7), respectively, and

(C) by inserting before paragraph (2) the following new paragraph:

''(1) STABLE AND UNRESTRICTED STATUS.—

''(A) STABLE.—A multiemployer plan is in stable status for a plan year if, as determined by the plan actuary under paragraph (4), the plan is not in unrestricted status for the plan year, is not in endangered, critical, or critical and declining status for the plan year, and is not described in paragraph (6).

''(B) UNRESTRICTED.—A multiemployer plan is in unrestricted status for a plan year if, as determined by the plan actuary under paragraph (4)—

''(i) the plan is not in endangered, critical, or critical and declining status for the plan year,

''(ii) the plan is not described in paragraph (6), and

''(iii) as of the beginning of the plan year—

''(I) the plan's current liability funded percentage for such plan year is at least 70 percent and the plan's projected funded percentage as of the first day of the 15th succeeding plan year is at least 115 percent, or

''(II) the plan's current liability funded percentage for such plan year is at least 80 percent.

''(C) CURRENT LIABILITY FUNDED PERCENTAGE.—For purposes of this section, the term 'current liability funded percentage' means the percentage equal to a fraction the numerator of which is the value of plan assets (as determined for purposes of section 431(c)(6)(A)(ii)(II)) and the denominator of which is the current liabilities of the plan (as defined in section 431(c)(6)(D)).''.

(4) AMENDMENT TO ANNUAL CERTIFICATION BY PLAN ACTUARY.—Subparagraph (A) of paragraph (4) (as redesignated by paragraph (3)) of section 432(b) of such Code is amended by inserting ''whether or not the plan is in unrestricted or stable status for such plan year,'' in clause (i) before ''whether or not the plan is in endangered status''.

(5) CONFORMING AMENDMENTS.—

(A) Paragraphs (2) and (3) of section 432(b) of such Code, as redesignated by paragraph (3), are each amended by striking ''paragraph (3)'' and inserting ''paragraph (4)''.

(B) Section 432(b)(2) of such Code, as so redesignated and amended, is further amended by striking ''paragraph (5)'' and inserting ''paragraph (6)''.

(C) Section 432(b)(4) of such Code, as so redesignated, is amended—

(i) by striking ''paragraph (4)'' in subparagraph (B)(iv) thereof and inserting ''paragraph (5)'',

(ii) by striking ''subsection (e)(9)'' both places it appears in subparagraph (B)(v) and inserting ''subsection (f)(9)'',

(iii) by striking ''subsection (e)(3)(A)(ii)'' in subparagraph (B)(v) and inserting ''subsection (f)(3)(A)(ii)'',

(iv) by striking ''subsection (e)'' in subparagraph (B)(v) and inserting ''subsection (f)'',

(v) by striking ''paragraph (4)'' each place it appears in subparagraphs (D)(i) and (D)(v) thereof and inserting ''paragraph (5)'',

(vi) by striking ''subsection (e)(8)'' in subparagraph (D)(ii)(I) thereof and inserting ''subsection (f)(8)'',

(vii) by striking ''paragraph (5)'' in subparagraph (D)(iii) thereof and inserting ''paragraph (6)'', and

(viii) by striking ''(iii) In the case of'' in subparagraph (D)(iii) thereof and inserting ''(iii) SPECIAL RULE.—''.

(D) Section 432(b)(5) of such Code, as redesignated by paragraph (3), is amended—

(i) by striking ''paragraph (2)'' and inserting ''paragraph (3)'',

(ii) by striking ''paragraph (3)(B)(iv)'' and inserting ''paragraph (4)(B)(iv)'',

(iii) by striking ''paragraph (3)'' in subparagraph (A) thereof and inserting ''paragraph (4)'',

(iv) by striking ''paragraph (3)(A)'' in subparagraph (A) thereof and inserting ''paragraph (4)(A)'',

(v) by striking ''paragraph (2)'' in subparagraph (B) thereof and inserting ''paragraph (3)'', and

(vi) by striking ''subsection (e)(4)(B)'' in subparagraph (C) thereof and inserting ''subsection (f)(4)(B)''.

(E) Section 432(b)(6)(A) of such Code, as so redesignated, is amended—

(i) by striking ''paragraph (3)(A)'' and inserting ''paragraph (4)(A)'',

(ii) by striking ''paragraph (1)(A)'' and inserting ''paragraph (2)(A)'', and

(iii) by striking ''paragraph (1)(B)'' and inserting ''paragraph (2)(B)''.

(F) Section 432(b)(7) of such Code, as so redesignated, is amended by striking ''paragraph (2)'' and inserting ''paragraph (3)''.

(G) Paragraphs (1)(A), (4)(A)(ii), (4)(C)(i), (4)(C)(ii), (4)(D), (5)(A)(i), (5)(B), and (8) of subsection (d), and subsections (e)(2), (f)(1)(A), (f)(4)(B)(i), (f)(4)(B)(ii)(I), (f)(5), and (g)(3) of section 432 of such Code, as respectively redesignated by paragraph (2), are each amended by striking ''subsection (b)(3)(A)'' and inserting ''subsection (b)(4)(A)''.

(H) Section 432(d)(3)(A)(i)(I) of such Code, as so redesignated, is amended by striking ''paragraph (b)(3)'' and inserting ''subsection (b)(4)''.

(I) Section 432(d)(4)(D) of such Code, as so redesignated, is amended by striking ''subsection (d)'' and inserting ''subsection (e)''.

(J) Section 432(e) of such Code, as so redesignated, is amended to read as follows:

''(e) RULES FOR OPERATION OF PLAN DURING ADOPTION AND IMPROVEMENT PERIODS.—A plan may not be amended after the date of the adoption of a funding improvement plan under subsection (d) so as to be inconsistent with the funding improvement plan or the requirements of subsection (c).''.

(K) Clauses (i)(I) and (ii)(I) of section 432(f)(4)(B) of such Code, as so redesignated, are each amended by striking ''subsection (b)(2)'' and inserting ''subsection (b)(3)''.

(L) Subsections (f)(8)(A)(ii) and (g)(2)(A) of section 432 of such Code, as so redesignated, are each amended by striking ''subsection (b)(3)(D)'' and inserting ''subsection (b)(4)(D)''.

(M) Section 432(f)(9)(J) of such Code, as so redesignated, is amended—

(i) by striking ''subsection (b)(3)'' and inserting ''subsection (b)(4)'', and

(ii) by striking ''paragraphs (1) and (2)'' in clause (i) thereof and inserting ''paragraphs (2) and (3)''.

(N) Subparagraphs (A) and (B) of section 432(g)(1) of such Code, as so redesignated, are each amended by striking ''subsection (e)'' and inserting ''subsection (f)''.

(O) Paragraph (2)(A) of section 432(g) of such Code, as so redesignated, is amended by striking ''(b)(3)(D)'' and inserting ''(b)(4)(D)''.

(P) Section 432(h) of such Code, as so redesignated, is amended—

(i) by striking ''subsection (e)(8) or (f)'' in paragraph (1) thereof and inserting ''subsection (f)(8) or (g)'',

(ii) by striking ''subsection (e)(9)'' in paragraph (1) thereof and inserting ''subsection (f)(9)'',

(iii) by striking ''subsection (e)(7)'' in paragraph (2) thereof and inserting ''subsection (f)(7)'', and

(iv) by striking ''rehabilitation plan'' and all that follows in paragraph (3)(B) thereof and inserting ''rehabilitation plan. The preceding sentence shall not apply to any increase in contribution requirements due to increased levels of work, employment, or periods for which compensation is provided, except to the extent such an increase is used to provide an increased accrual rate of benefits or change in the rate at which benefits become nonforfeitable which increases plan liabilities.''.

(Q) Section 432(i) of such Code, as so redesignated, is amended—

(i) by striking ''subsection (c)'' and inserting ''subsection (d)'', and

(ii) by striking ''subsection (e)'' and inserting ''subsection (f)''.

(R) Section 432(j)(2) of such Code, as so redesignated, is amended by striking ''subsections (c) and (e)'' and inserting ''subsections (d) and (f)''.

(S) Section 412(b)(3) of such Code is amended by striking ''section 432(e)'' and inserting ''section 432(f)''.

(T) Section 418E of such Code, as amended by this Act, is further amended—

(i) by striking ''432(b)(2)'' each place it appears in subsections (c)(1), (c)(2), (d)(1), and (d)(2), as redesignated by section 112, and inserting ''432(b)(3)'', and

(ii) by striking ''432(e)(9)'' in subsection (g), as so redesignated, and inserting ''432(f)(9)''.

(U) Section 4971(g) of such Code is amended—

(i) by striking ''432(e)'' in paragraph (3)(B)(i) and inserting ''432(f)'',

(ii) by striking ''432(b)(3)(A)(ii)'' in paragraph (3)(B)(ii) and inserting ''432(b)(4)(A)(i)(II)'',

(iii) by striking ''432(e)(1)(A)'' in paragraph (4)(B)(ii) and inserting ''432(f)(1)(A)'', and

(iv) by striking ''432(j)(9)'' in paragraph (4)(C)(ii) and inserting ''432(k)(9)''.

(V) Subsection (c)(1) of section 4980I of such Code, as added by this Act, is amended by adding at the end the following: ''Such term shall not include such an original plan for any plan year in which the plan is in unrestricted status (as defined in section 432(b)(1)(B)).''.

(W) The heading of section 432 of such Code is amended by striking ''**IN ENDANGERED STATUS OR CRITICAL STATUS**''.

(6) WITHDRAWAL LIABILITY DETERMINATION FOR PLANS EMERGING FROM ENDANGERED OR CRITICAL STATUS.—Section 432(h) of such Code, as redesignated by paragraph (2) and as amended by paragraph (5), is further amended by striking paragraph (4) and by inserting after paragraph (3) the following new paragraph:

''(4) EMERGENCE FROM ENDANGERED OR CRITICAL STATUS.—

''(A) IN GENERAL.—In the case of increases in the contribution rate (or other increases in contribution requirements unless due to increased levels of work, employment, or periods for which compensation is provided) disregarded pursuant to paragraph (3), this subsection shall cease to apply as of the later of—

''(i) the end of the first plan year following the plan year in which the plan is no longer in endangered or critical status, or

''(ii) the end of the plan year which includes the expiration date of the first collective bargaining agreement requiring plan contributions which expires after the plan is no longer in endangered or critical status.

''(B) HIGHEST CONTRIBUTION RATE.—Notwithstanding subparagraph (A), once the plan emerges from endangered or critical status—

''(i) increases in the contribution rate disregarded pursuant to paragraph (3) shall continue to be disregarded in determining the highest contribution rate under section 4219(c) of such Act for plan years during which the plan was in endangered or critical status, and

''(ii) the highest contribution rate for purposes of such section shall be the greater of—

''(I) the sum of—

''(aa) the employer's contribution rate as of the later of the last day of the last plan year ending before December 31, 2014, and the last day of the plan year for which the employer first had an obligation to contribute to the plan, and

''(bb) any contribution increases determined in accordance with this section after such later date and before the date the employer withdraws from the plan, or

''(II) the highest contribution rate for any plan year after the plan year which includes the earlier of—

''(aa) the expiration date of the first collective bargaining agreement applicable to the withdrawing employer requiring plan contributions which expires after the plan is no longer in endangered or critical status, or

''(bb) the date as of which the withdrawing employer negotiated a contribution rate effective after the plan year in which the plan is no longer in endangered or critical status.''.

(7) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the date of the enactment of this Act.

(b) DETERMINATION OF ENDANGERED STATUS.—Paragraph (2) of section 432(b) of the Internal Revenue Code of 1986, as redesignated by subsection (a)(3), is amended to read as follows:

''(2) ENDANGERED STATUS.—A multiemployer plan is in endangered status for a plan year if, as determined by the plan actuary under paragraph (5), the plan is not in critical or declining status for the plan year and is not described in paragraph (7), and, as of the beginning of the plan year—

''(A) the plan's funded percentage for such plan year is less than 80 percent,

''(B) the plan is projected to have an accumulated funding deficiency for any of the 9 succeeding plan years, taking into account any extension of amortization periods under section 431(d), or

''(C) the plan's projected funded percentage as of the first day of the 15th succeeding plan year is less than 100 percent.''.

(c) DETERMINATION OF CRITICAL STATUS.—Paragraph (3) of section 432(b) of the Internal Revenue Code of 1986, as redesignated by subsection (a)(3), is amended to read as follows:

''(3) CRITICAL STATUS.—

''(A) IN GENERAL.—A multiemployer plan is in critical status for a plan year if, as determined by the plan actuary under paragraph (5), the plan is not in declining status for the plan year and, as of the beginning of the plan year—

''(i) the plan's funded percentage is less than 65 percent,

''(ii) the plan has an accumulated funding deficiency for the plan year, or is projected to have such an accumulated funding deficiency for any of the 6 succeeding plan years, taking into account any extension of amortization periods under section 431(d), or

''(iii) the plan's projected funded percentage as of the first day of the 15th succeeding plan year is less than 80 percent.

''(B) ORIGINAL PLANS.—Notwithstanding subparagraph (A), a multiemployer plan which is an original plan pursuant to section 4233A(d)(3) of the Employee Retirement Income Security Act of 1974 shall be treated as being in critical status for the period of 15 consecutive plan years beginning with the

plan year that includes the date of the partition under such section 4233A.''.

(d) DECLINING STATUS.—

(1) IN GENERAL.—

(A) The following provisions of section 432 of the Internal Revenue Code of 1986 are each amended by striking ''critical and declining'' each place it appears and inserting ''declining'':

(i) Subsection (a)(4) (as redesignated by subsection (a)(1)).

(ii) Subparagraphs (A) and (B)(i) of subsection (b)(1), as added by subsection (a)(3).

(iii) Subsection (b)(4)(B)(v) (as redesignated by subsection (a)(3)), and the heading thereof.

(iv) Paragraph (1)(B), and the heading of such paragraph (1)(B), of subsection (c), as added by subsection (a)(2).

(v) The heading of paragraph (9) of subsection (f) (as redesignated by subsection (a)(2)).

(vi) Subparagraphs (A), (C), (G)(i), and (J) of subsection (f)(9) (as so redesignated).

(vii) Subsection (h)(1) (as so redesignated).

(B) Section 418E(g) of such Code, as amended by section 112 and subsection (a), is further amended by striking ''critical and declining status'' and inserting ''declining status''.

(2) DETERMINATION OF DECLINING STATUS.—

(A) IN GENERAL.—Subsection (b) of section 432 of such Code is amended—

(i) by striking paragraph (7), as redesignated by subsection (a)(3),

(ii) by redesignating paragraphs (4), (5), and (6), as so redesignated, as paragraphs (5), (6), and (7), respectively, and

(iii) by inserting after paragraph (3), as so redesignated, the following new paragraph:

''(4) DECLINING STATUS.—A multiemployer plan is in declining status for a plan year if—

''(A) as determined by the plan actuary under paragraph (5), as of the beginning of the plan year the plan is projected to become insolvent within the plan year or any of the 29 succeeding plan years,

''(B) the plan is otherwise in critical status for the plan year as determined by the plan actuary under paragraph (5), and the plan sponsor determines that, based on reasonable actuarial assumptions and upon exhaustion of all reasonable measures, the plan cannot reasonably be expected to emerge from critical status within the next 30 plan years, or

''(C) the plan has a funded percentage for the plan year which is greater than the projected funded percentage as of the first day of the 15th succeeding plan year, unless the funded percentage for the plan year is 100 percent or greater and the projected funded percentage as of the first day of such 15th succeeding plan year is less than 100 percent.''.

(B) CONFORMING AMENDMENTS.—

(i) Paragraph (1) of section 432(b) of such Code, as added by subsection (a)(3), is amended—

(I) by striking ''paragraph (4)'' each place it appears in subparagraphs (A) and (B) and inserting ''paragraph (5)'', and

(II) by striking ''paragraph (6)'' each place it appears in subparagraphs (A) and (B) and inserting ''paragraph (7)''.

(ii) Subsection (c) of section 432 of such Code, as added by subsection (a)(2), is amended by striking ''(b)(4)'' each place it appears in paragraphs (1)(A)(i), (1)(A)(ii), (1)(A)(iii), (2)(A), and (2)(B) and inserting ''(b)(5)''.

(iii) Section 432(b)(5) of such Code, as further redesignated by subparagraph (A) and as amended by section 321 and subsection (a), is further amended—

(I) by striking ''paragraph (5)'' in subparagraph (B)(iv) thereof and inserting ''paragraph (6)'',

(II) by striking ''paragraph (5)'' each place it appears in subparagraphs (D)(i) and (D)(vi) thereof and inserting ''paragraph (6)'', and

(III) by striking ''paragraph (6)'' in subparagraph (D)(iv) thereof and inserting ''paragraph (7)''.

(iv) Section 432(b)(6) of such Code, as so further redesignated and amended, is further amended—

(I) by striking ''paragraph (4)(B)(iv)'' and inserting ''paragraph (5)(B)(iv)'',

(II) by striking ''paragraph (4)'' in subparagraph (A) thereof and inserting ''paragraph (5)'', and

(III) by striking ''paragraph (4)(A)'' in subparagraph (A) thereof and inserting ''paragraph (5)(A)''.

(v) Section 432(b)(7)(A) of such Code, as so further redesignated and amended, is further amended—

(I) by striking ''paragraph (4)(A)'' and inserting ''paragraph (5)(A)'', and

(II) by striking ''either paragraph (2)(A) or paragraph (2)(B)'' and inserting ''any subparagraph of paragraph (2)''.

(vi) Section 432(b)(7)(B) of such Code, as so further redesignated, is amended by striking ''critical or endangered'' and inserting ''endangered, critical, or declining''.

(vii) Paragraphs (1)(A), (4)(A)(ii), (4)(C)(i), (4)(C)(ii), (4)(D), and (8) of subsection (d), and subsections (f)(1)(A), (f)(4)(B)(i), (f)(4)(B)(ii)(I), (f)(5), and (g)(3) of section 432 of such Code, as redesignated and amended by subsection (a), are each further amended by striking ''subsection (b)(4)(A)'' and inserting ''subsection (b)(5)(A)''.

(viii) Section 432(d)(3)(A)(i)(I) of such Code, as so redesignated and amended, is further amended by striking ''subsection (b)(4)'' and inserting ''subsection (b)(5)''.

(ix) Subsections (f)(8)(A)(ii) and (g)(2)(A) of section 432 of such Code, as so redesignated and amended, are each further amended by striking ''subsection (b)(4)(D)'' and inserting ''subsection (b)(5)(D)''.

(x) Section 432(f)(9)(J) of such Code, as so redesignated and amended, is further amended by striking ''subsection (b)(4)'' and inserting ''subsection (b)(5)''.

(3) SOLVENCY PLAN.—

(A) IN GENERAL.—Paragraph (4) (as redesignated by subsection (a)(1) and amended by paragraph (1)) of section 432(a) of such Code is amended—

(i) by redesignating subparagraph (B) as subparagraph (D), and

(ii) by striking subparagraph (A) and inserting before subparagraph (D) (as so redesignated) the following new subparagraphs:

''(A) the plan sponsor shall adopt and implement a solvency plan in accordance with the requirements of subsection (h),

''(B) any rehabilitation plan in place as of the date the plan enters declining status shall continue to apply throughout the solvency plan adoption period,

''(C) the requirements of subsection (i) and paragraphs (6) and (7) of subsection (f) shall apply during the solvency plan adoption period and the solvency attainment period, and''.

(B) ADOPTION OF PLAN.—Section 432 of such Code, as amended by this section, is further amended—

(i) by redesignating subsection (l), as added by title V of this Act, as subsection (n), and by further redesignating subsections (h), (i), (j), and (k), as redesignated by subsection (a)(2), as subsections (j), (k), (l), and (m), respectively, and

(ii) by inserting after subsection (g), as redesignated by subsection (a)(2), the following new subsections:

''(h) SOLVENCY PLAN MUST BE ADOPTED FOR MULTIEMPLOYER PLANS IN DECLINING STATUS.—

''(1) IN GENERAL.—In any case in which a multiemployer plan is in declining status for a plan year, the plan sponsor, in accordance with this subsection—

''(A) shall adopt a solvency plan not later than 240 days following the required date for the actuarial certification of declining status under subsection (b)(5)(A), and

''(B) within 30 days after the adoption of the solvency plan shall provide to the bargaining parties 1 or more schedules showing revised benefit structures, revised contribution structures, or both, which, if adopted, may reasonably be expected to enable the multiemployer plan to meet the requirements of paragraph (3), including—

''(i) one default proposal under which—

''(I) all adjustable benefits in the form of early retirement subsidies (including early reduction factors which are not provided on an actuarially equivalent basis) under the plan are eliminated, and

''(II) the future monthly benefit accrual rate under the plan is reduced to the equivalent of 1 percent of annual contributions (or, if lower, the current accrual rate) based on the contribution rate in effect as of the later of the first day of the plan year in which the plan enters declining status or the date of a partition under section 4233A of the Employee Retirement Income Security Act of 1974, and

which may also include reduction or elimination of any other adjustable benefits under the plan, and

''(ii) any additional schedules which reduce or eliminate adjustable benefits under the plan which the plan sponsor deems appropriate to provide as an alternative to the default proposal.

No schedule provided to or adopted by the bargaining parties shall provide for a monthly benefit accrual rate in excess of the rate described in subparagraph (B)(i)(II).

''(2) EXCEPTION FOR YEARS AFTER PROCESS BEGINS.—Paragraph (1) shall not apply to a plan year if such year is in a solvency plan adoption period or solvency attainment period by reason of the plan being in declining status for a preceding plan year, except that the next update of the solvency plan shall fulfill the requirement of paragraph (1)(B)(i). For purposes of this section, such preceding plan year shall be the initial determination year with respect to the solvency plan to which it relates.

''(3) SOLVENCY PLAN.—For purposes of this section, a solvency plan is a plan which consists of the actions, including options or a range of options to be proposed to the bargaining parties, formulated, based on reasonably anticipated experience and reasonable actuarial assumptions, to enable the plan to delay or avoid the projected insolvency.

''(4) SOLVENCY ATTAINMENT PERIOD.—For purposes of this section—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the solvency attainment period for any solvency plan adopted pursuant to this subsection is the period—

''(i) beginning on the first day of the first plan year of the multiemployer plan beginning after the earlier of—

''(I) the second anniversary of the date of the adoption of the solvency plan, or

''(II) the expiration of the collective bargaining agreements in effect on the due date for the actuarial certification of declining status for the initial determination year under subsection (b)(5)(A) and covering, as of such due date, at least 75 percent of the active participants in such plan, and

''(ii) ending on the date the plan either emerges from declining status or becomes insolvent.

''(B) COORDINATION WITH CHANGES IN STATUS.—

''(i) PLANS NO LONGER IN DECLINING STATUS.—If the plan's actuary certifies in accordance with subparagraph (C) for a plan year in any solvency plan adoption period or solvency attainment period that the plan is no longer in declining status, the solvency plan adoption period or solvency attainment period, whichever is applicable, shall end as of the date of such certification.

''(ii) PLANS IN CRITICAL OR ENDANGERED STATUS.—If the plan's actuary certifies under subsection (b)(5)(A) for the plan year described in clause (i) that the plan is in critical or endangered rather than declining status, the provisions of subsections (d) and (e), or subsections (f) and (g), whichever are applicable, shall be applied as if such plan year were an initial determination year, except that the plan may not be amended in a manner inconsistent with the solvency plan in effect for the preceding plan year until a new funding improvement plan or rehabilitation plan, whichever is applicable, is adopted.

''(C) EMERGENCE.—A plan in declining status shall remain in such status until a plan year for which the plan actuary certifies, in accordance with subsection (b)(5)(A), that the plan is not described in one or more of the subparagraphs in subsection (b)(4) as of the beginning of the plan year.

''(5) UPDATES TO SOLVENCY PLANS AND SCHEDULES.—

''(A) SOLVENCY PLAN.—The plan sponsor shall annually update the solvency plan and shall file the update with the plan's annual report under section 104 of the Employee Retirement Income Security Act of 1974.

''(B) SCHEDULES.—The plan sponsor shall annually update any schedule of contribution rates provided under this subsection to reflect the experience of the plan.

''(C) DURATION OF SCHEDULE.—A schedule of contribution rates provided by the plan sponsor and relied upon by bargaining parties in negotiating a collective bargaining agreement shall remain in effect for the duration of that collective bargaining agreement.

''(6) IMPOSITION OF SCHEDULE WHERE FAILURE TO ADOPT SOLVENCY PLAN.—

''(A) INITIAL CONTRIBUTION SCHEDULE.—If—

''(i) a collective bargaining agreement providing for contributions under a multiemployer plan that was in effect at the time the plan entered declining status expires, and

''(ii) after receiving one or more schedules from the plan sponsor under paragraph (1)(B), the bargaining parties with respect to such agreement fail to adopt a contribution schedule with terms consistent with the solvency plan and a schedule from the plan sponsor,

the plan sponsor shall implement the schedule described in paragraph (1)(B)(i) beginning on the date specified in subparagraph (C).

''(B) SUBSEQUENT CONTRIBUTION SCHEDULE.—If—

''(i) a collective bargaining agreement providing for contributions under a multiemployer plan in accordance with a schedule provided by the plan sponsor pursuant to a solvency plan (or imposed under subparagraph (A)) expires while the plan is still in declining status, and

''(ii) after receiving one or more updated schedules from the plan sponsor under paragraph (5)(B), the bargaining parties with respect to such agreement fail to adopt a contribution schedule with terms consistent with the updated solvency plan and a schedule from the plan sponsor,

then the contribution schedule applicable under the expired collective bargaining agreement, as updated and in effect on the date the collective bargaining agreement expires, shall be implemented by the plan sponsor beginning on the date specified in subparagraph (C).

''(C) DATE OF IMPLEMENTATION.—The date specified in this subparagraph is the date which is 180 days after the date on which the collective bargaining agreement described in subparagraph (A) or (B) expires.

''(7) SOLVENCY PLAN ADOPTION PERIOD.—For purposes of this section, the term 'solvency plan adoption period' means the period beginning on the date of the certification under subsection (b)(5)(A) for the initial determination year and ending on the day before the first day of the solvency attainment period.

''(i) RULES FOR OPERATION OF PLAN DURING ADOPTION AND ATTAINMENT PERIODS.—

''(1) COMPLIANCE WITH SOLVENCY PLAN.—

''(A) IN GENERAL.—A plan may not be amended after the date of the adoption of a solvency plan under subsection (h) so as to be inconsistent with the solvency plan.

''(B) SPECIAL RULES FOR BENEFIT INCREASES.—A plan may not be amended after the date of the adoption of a solvency plan under subsection (h) so as to increase benefits, including future benefit accruals, unless the increase is required by law or is a de minimis change.

''(C) SPECIAL RULES FOR INCREASES IN COMPENSATION OR CONTRIBUTION RATE.—Any increase in employee compensation or contribution rates which takes effect after the first day of the plan year in which the plan enters declining status shall not give rise to an increase in benefits or future benefit accruals under the plan.

''(2) RESTRICTION ON LUMP SUMS AND SIMILAR BENEFITS.—

''(A) IN GENERAL.—Effective on the date the notice of certification of the plan's declining status for the initial determination year under subsection (b)(5)(D) is sent, and notwithstanding section 411(d)(6), the plan shall not pay—

''(i) any payment, in excess of the monthly amount paid under a single life annuity (plus any social security supplements described in the last sentence of section 411(a)(9)), to a participant or beneficiary whose annuity starting date (as defined in section 417(f)(2)) occurs after the date such notice is sent,

''(ii) any payment for the purchase of an irrevocable commitment from an insurer to pay benefits, or

''(iii) any other payment specified by the Secretary by regulations,

unless it is a de minimis amount.

''(B) EXCEPTION.—Subparagraph (A) shall not apply to a benefit which under section 411(a)(11) may be immediately distributed without the consent of the participant or to any makeup payment in the case of a retroactive annuity starting date or any similar payment of benefits owed with respect to a prior period.

''(3) SPECIAL RULES FOR PLAN ADOPTION PERIOD.—During the period beginning on the date of the certification under subsection (b)(5)(A) for the initial determination year and ending on the date of the adoption of a solvency plan—

''(A) the plan sponsor may not accept a collective bargaining agreement or participation agreement with respect to the multiemployer plan that provides for—

''(i) a reduction in the level of contributions for any participants,

''(ii) a suspension of contributions with respect to any period of service, or

''(iii) any new direct or indirect exclusion of younger or newly hired employees from plan participation,

unless the plan sponsor reasonably determines that the acceptance of such an agreement is in the best interests of participants and beneficiaries and that rejection of such agreement would adversely affect the plan, and

''(B) no amendment of the plan which increases the liabilities of the plan by reason of any increase in benefits, any change in the accrual of benefits, or any change in the rate at which benefits become nonforfeitable under the plan may be adopted unless the amendment is required as a condition of qualification under part I of subchapter D of chapter 1 or to comply with other applicable law.''.

(C) SUSPENSION OF BENEFITS.—Section 432 of such Code, as amended by this section, is further amended—

(i) by redesignating paragraph (9) of subsection (f) (as redesignated by subsection (a)(2)) as paragraph (8) of subsection (h) (as added by subparagraph (B)), and

(ii) by moving such paragraph to the position immediately after paragraph (7) of such subsection (h).

(4) CONFORMING AMENDMENTS.—

(A) Subsection (a)(4)(D) of section 432 of such Code, as redesignated and amended by the preceding provisions of this section, is further amended by striking ''subsection (f)(9)'' and inserting ''subsection (h)(8)''.

(B) Paragraph (5) of section 432(b) of such Code, as so redesignated and as amended by section 321 and the preceding provisions of this section, is further amended—

(i) by striking ''critical'' in subparagraph (A)(i)(I) and inserting ''critical or declining'',

(ii) by striking ''funding improvement or rehabilitation period'' in subparagraph (A)(i)(II) and inserting ''funding improvement, rehabilitation, or solvency attainment period'',

(iii) by striking ''funding improvement or rehabilitation plan'' in subparagraph (A)(i)(II) and inserting ''funding improvement, rehabilitation, or solvency plan'',

(iv) by striking ''endangered or critical'' in subparagraph (A)(i)(V)(bb) and inserting ''endangered, critical, or declining'',

(v) by striking ''funding improvement plan or rehabilitation'' in subparagraph (A)(iv) and inserting ''funding improvement, rehabilitation, or solvency'',

(vi) by striking ''critical'' each place it appears in subparagraph (A)(vi) and inserting ''critical or declining'',

(vii) by striking ''rehabilitation period'' in subparagraph (A)(vi) and inserting ''rehabilitation or solvency attainment period'',

(viii) by striking ''as described in subsection (f)(9)'' in subparagraph (B)(v),

(ix) by inserting ''if the plan is already in a rehabilitation period, and'' before ''if reasonable'' in subparagraph (B)(v)(I),

(x) by striking ''subsection (f)(9)'' in subparagraph (B)(v)(II) and inserting ''subsection (h)(8)'',

(xi) by striking ''endangered or critical'' both places it appears in subparagraph (D)(i) and inserting ''endangered, critical, or declining'',

(xii) by striking ''ENDANGERED OR CRITICAL'' in the heading of subparagraph (D)(ii) and inserting ''ENDANGERED, CRITICAL, OR DECLINING'',

(xiii) by striking ''endangered or critical'' in subparagraph (D)(ii) and inserting ''endangered, critical, or declining'',

(xiv) by striking ''funding improvement or rehabilitation plan'' both places it appears in subclauses (I) and (II) of subparagraph (D)(ii) and inserting ''funding improvement, rehabilitation, or solvency plan'', and

(xv) by adding at the end of subparagraph (D) the following new clause:

''(vii) NOTICE OF PROJECTION TO BE IN DECLINING STATUS IN A FUTURE PLAN YEAR.—In any case in which it is certified under subparagraph (A)(i) that a multiemployer plan will be in declining status for any of 5 succeeding plan years (but not for the current plan year), the plan sponsor shall, not later

than 30 days after the date of the certification, provide notification of the projected declining status to the Pension Benefit Guaranty Corporation.''.

(C) Subparagraph (J) of section 432(h)(8) of such Code, as so redesignated and amended, is further amended—

(i) by striking ''CRITICAL'' in the heading and inserting ''DECLINING'', and

(ii) by striking ''shall not emerge from critical status under paragraph (4)(B),'' and inserting ''shall not emerge from declining status''.

(D) Subsection (j) of section 432 of such Code, as so redesignated and amended, is further amended—

(i) by striking ''(f)(8) or (g)'' in paragraph (1) and inserting ''(f)(8), (g), or (i)'',

(ii) by striking ''subsection (f)(9)'' in paragraph (1) and inserting ''subsection (h)(8)'',

(iii) by striking ''FUNDING IMPROVEMENT OR REHABILITATION PLAN'' in the heading of paragraph (3) and inserting ''FUNDING IMPROVEMENT, REHABILITATION, OR SOLVENCY'',

(iv) by striking ''funding improvement plan or rehabilitation plan'' both places it appears in subparagraphs (A) and (B) of paragraph (3) and inserting ''funding improvement, rehabilitation, or solvency plan'',

(v) by striking ''ENDANGERED OR CRITICAL'' in the heading of paragraph (4), as amended by subsection (a), and inserting ''ENDANGERED, CRITICAL, OR DECLINING'',

(vi) by striking ''endangered or critical'' each place it appears in paragraph (4), as so amended, and inserting ''endangered, critical, or declining'', and

(vii) by striking ''critical or endangered'' in paragraph (4) and inserting ''endangered, critical, or declining''.

(E) Subsection (k) of section 432 of such Code, as so redesignated and amended, is further amended—

(i) by striking ''or a rehabilitation plan under subsection (f)'' and inserting '', a rehabilitation plan under subsection (f), or a solvency plan under subsection (h)'',

(ii) by striking ''endangered status or a plan in critical status'' and inserting ''endangered, critical, or declining status'',

(iii) by striking ''has not agreed on a funding improvement plan or rehabilitation plan'' and inserting ''has not agreed on a funding improvement, rehabilitation, or solvency plan (whichever is applicable)'', and

(iv) by striking ''adoption of a funding improvement plan or rehabilitation plan'' and inserting ''adoption of a funding improvement, rehabilitation, or solvency plan''.

(F) Subsection (l) of section 432 of such Code, as so redesignated and amended, is further amended—

(i) by striking ''endangered status or in critical status'' in paragraph (1) and inserting ''endangered, critical, or declining status'',

(ii) by striking ''endangered or critical'' in paragraph (1) and inserting ''endangered, critical, or declining'', and

(iii) by striking ''(d) and (f)'' in paragraph (2) and inserting ''(d), (f), and (h)''.

(G) Section 418E of such Code, as amended by section 112 and this section, is further amended—

(i) by striking ''432(b)(3)'' each place it appears in subsections (c)(1), (c)(2), (d)(1), and (d)(2) and inserting ''432(b)(3), or a plan in declining status, as described in section 432(b)(4)'', and

(ii) by striking ''432(f)(9)'' in subsection (g) and inserting ''432(h)(8)''.

(H) Section 4971(g) of such Code, as amended by this section, is further amended—

(i) by striking ''ENDANGERED OR CRITICAL'' in the heading and inserting ''ENDANGERED, CRITICAL, OR DECLINING'',

(ii) by striking ''critical status'' in paragraph (1)(A) and inserting ''critical or declining status'',

(iii) by striking ''OR REHABILITATION PLAN'' in the heading of paragraph (2) and inserting '', REHABILITATION, OR SOLVENCY PLAN'',

(iv) by striking ''plan or rehabilitation plan'' in paragraph (2)(A) and inserting '', rehabilitation, or solvency plan'',

(v) by striking ''rehabilitation plan'' in paragraph (2)(C) and inserting ''funding improvement, rehabilitation, or solvency plan'',

(vi) by striking paragraph (3) and redesignating paragraphs (4), (5), and (6) as paragraphs (3), (4), and (5), respectively,

(vii) by striking ''REHABILITATION PLAN'' in the heading of paragraph (3), as so redesignated, and inserting ''REHABILITATION OR SOLVENCY PLAN'',

(viii) by striking ''critical status'' in paragraph (3)(A), as so redesignated, and inserting ''critical or declining status'',

(ix) by striking ''rehabilitation plan'' in paragraph (3)(A), as so redesignated, and inserting ''rehabilitation or solvency plan'',

(x) by striking ''described in section 432(f)(1)(A) and ending on the day on which the rehabilitation plan is adopted'' in paragraph (3)(B)(ii), as so redesignated, and inserting ''described in section 432(f)(1)(A) or 432(h)(1)(A), whichever is applicable, and ending on the day on which the rehabilitation plan or solvency plan is adopted'',

(xi) by striking ''432(k)(9)'' in paragraph (3)(C)(ii), as so redesignated, and inserting ''432(n)(9)'', and

(xii) by striking ''or (3)'' in paragraph (4), as so redesignated.

(e) ADJUSTMENT OF BENEFITS.—

(1) IN GENERAL.—Section 432 of the Internal Revenue Code of 1986, as amended by this section, is further amended—

(A) by further redesignating subsections (m) and (n), as redesignated by subsection (d), as subsections (n) and (o), respectively,

(B) by redesignating paragraph (8) of subsection (f), as redesignated by subsection (a)(2), as subsection (m), and

(C) by moving such subsection to the position immediately after subsection (l).

(2) CLERICAL AND CONFORMING AMENDMENTS.—

(A) The heading of subsection (m) of section 432 of such Code, as redesignated by paragraph (1), is amended to read as follows:

''(m) ADJUSTMENT OF BENEFITS.—''.

(B) The following provisions of such subsection (m) are amended as follows:

(i) Subparagraphs (A), (B), and (C) are redesignated as paragraphs (1), (2), and (4), respectively, and moved 2 ems to the left.

(ii) Clauses (i), (ii), (iii), and (iv) of paragraph (1) (as so redesignated) are redesignated as subparagraphs (A), (B), (C), and (D), respectively, and moved 2 ems to the left.

(iii) Subclauses (I), (II), and (III) of paragraph (1)(D) (as so redesignated) are redesignated as clauses (i), (ii), and (iii), respectively, and moved 2 ems to the left.

(iv) Clauses (i), (ii), and (iii) of paragraph (4) (as so redesignated) are redesignated as subparagraphs (A), (B), and (C), respectively, and moved 2 ems to the left, and the flush sentence at the end of subparagraph (C) (as so redesignated) is moved 2 ems to the left.

(v) Subclauses (I), (II), and (III) of paragraph (4)(A) (as so redesignated) are redesignated as clauses (i), (ii), and (iii), respectively, and moved 2 ems to the left.

(vi) Subclauses (I) and (II) of paragraph (4)(B) (as so redesignated) are redesignated as clauses (i) and (ii), respectively, and moved 2 ems to the left.

(vii) Subclauses (I), (II), and (III) of paragraph (4)(C) (as so redesignated) are redesignated as clauses (i), (ii), and (iii), respectively, and moved 2 ems to the left.

(viii) Paragraph (1)(A), as so redesignated, is amended by striking ''subparagraph (C)'' and inserting ''paragraph (4)''.

(ix) Paragraph (1)(B), as so redesignated, is amended by striking ''clause (iv)(III)'' and inserting ''subparagraph (D)(iii)''.

(x) Paragraph (1)(D), as so redesignated, is amended by striking ''this paragraph'' and inserting ''this subsection''.

(xi) Paragraph (2), as so redesignated, is amended—

(I) by striking ''subparagraph (A)(iv)(III)'' and inserting ''paragraph (1)(D)(iii)'', and

(II) by striking ''this paragraph'' and inserting ''this subsection''.

(xii) Paragraph (4)(A), as so redesignated, is amended by striking ''subparagraph (A)'' and inserting ''paragraph (1)''.

(xiii) Paragraphs (4)(B) and (4)(C), as so redesignated, are each amended by striking ''clause (i)'' each place it appears and inserting ''subparagraph (A)''.

(xiv) The last sentence of paragraph (4)(C), as so redesignated, is amended—

(I) by striking ''subclause (I)'' and inserting ''clause (i)'', and

(II) by striking ''this subparagraph'' and inserting ''this paragraph''.

(3) APPLICATION TO ALL PLANS IN ENDANGERED, CRITICAL, OR DECLINING STATUS.—

(A) IN GENERAL.—Subparagraph (A) of section 432(m)(1) of such Code, as redesignated and amended by this section, is further amended—

(i) by striking ''the plan sponsor shall'' and inserting ''the plan sponsor of a multiemployer plan in endangered, critical, or declining status may'', and

(ii) by striking ''paragraph (1)(B)(i)'' and inserting ''subsection (d)(1)(B), (f)(1)(B), or (h)(1)(B), whichever is applicable''.

(B) CONFORMING AMENDMENT.—Subparagraph (B) of section 432(m)(1) of such Code, as redesignated and amended by this section, is further amended by striking ''critical'' both places it appears and inserting ''endangered, critical, or declining''.

(4) ADDITIONAL ADJUSTABLE BENEFITS.—

(A) IN GENERAL.—Subparagraph (D) of section 432(m)(1) of such Code, as redesignated by this section, is amended—

(i) by inserting '', including early reduction factors which are not provided on an actuarially equivalent basis,'' after ''(i))'' in clause (ii), as so redesignated,

(ii) by striking ''and'' at the end of clause (ii) (as so redesignated),

(iii) by striking ''that would not be eligible'' and all that follows through the period in clause (iii) (as so redesignated) and inserting ''which were adopted (or, if later, took effect) less than 120 months before the first day of the first plan year in which the plan was in endangered, critical, or declining status,'', and

(iv) by adding at the end the following new clauses:

''(iv) any one-time bonus payment or 'thirteenth check' provision, and

''(v) benefits granted for periods of service prior to participation in the plan.''.

(B) CONFORMING AMENDMENTS.—

(i) Subparagraph (B) of section 432(m)(1) of such Code, as redesignated and amended by this section, is further amended by striking ''subparagraph (D)(iii)'' and inserting ''clause (iii), (iv), or (v) of subparagraph (D)''.

(ii) Paragraph (2) of section 432(m) of such Code, as amended by paragraph (2)(B), is further amended by striking ''paragraph (1)(D)(iii)'' and inserting ''clause (iii), (iv), or (v) of paragraph (1)(D)''.

(5) RULES RELATING TO SUSPENSION OF BENEFITS UPON RETURN TO WORK.—Subsection (m) of section 432 of such Code, as redesignated and amended by this section, is further

amended by inserting after paragraph (2) the following new paragraph:

''(3) RULES RELATING TO SUSPENSION OF BENEFITS UPON RETURN TO WORK.—The plan sponsor of a multiemployer plan in endangered, critical, or declining status may amend rules regarding the suspension of a participant's benefits upon a return to work after commencement of benefits, or the commencement of benefits after normal retirement age (including in the case of continued employment after normal retirement age). Any such changes shall apply only to future payments of benefits.''.

(6) ADDITIONAL CONFORMING AMENDMENTS.—

(A) Clause (iii) of section 432(b)(5)(D) of such Code, as redesignated and amended by this section, is further amended—

(i) by striking ''CRITICAL'' in the heading and inserting ''ENDANGERED, CRITICAL, OR DECLINING'',

(ii) by striking ''critical status'' both places it appears and inserting ''endangered, critical, or declining status'', and

(iii) by striking ''subsection (f)(8)'' in subclause (I) and inserting ''subsection (m)(1)(D)''.

(B) Subsection (j) of section 432 of such Code, as amended by subsection (d), is further amended by striking ''(f)(8), (g), or (i)'' and inserting ''(e), (g), (i), or (m)''.

(f) ELECTIONS TO BE IN CRITICAL OR ENDANGERED STATUS.—

(1) IN GENERAL.—Paragraph (6) of section 432(b) of the Internal Revenue Code of 1986, as redesignated and amended by this section, is further amended—

(A) by striking ''is not in critical status'' in subparagraph (A) and inserting ''is not in critical or declining status'',

(B) by striking ''but that is projected'' in subparagraph (A) and inserting ''but—

''(i) that is projected'',

(C) by striking ''5 plan years may, not later than'' in subparagraph (A) and inserting ''5 plan years, or

''(ii) that is in endangered status and is not reasonably projected to be able to emerge from endangered status within the funding improvement period under the funding improvement plan in effect,

may, not later than'', and

(D) by striking ''under paragraph (3)'' in subparagraph (B) and inserting ''under paragraph (3) or for endangered status under paragraph (2)''.

(2) ELECTION TO BE IN ENDANGERED STATUS.—Subsection (b) of section 432 of such Code, as so redesignated and amended, is further amended by adding at the end the following new paragraph:

''(8) ELECTION TO BE IN ENDANGERED STATUS.—Notwithstanding paragraph (2)—

''(A) the plan sponsor of a multiemployer plan that is not in endangered, critical, or declining status for a plan year but that is projected by the plan actuary, pursuant to the determination under paragraph (5), to be in endangered status in any of the 5 succeeding plan years, may, not later than 30 days after the date of the certification under paragraph (5)(A), elect to be in endangered status effective for the current plan year,

''(B) the plan year in which the plan sponsor elects to be in endangered status under subparagraph (A) shall be treated for purposes of this section as the first year in which the plan is in endangered status, regardless of the date on which the plan first satisfies the criteria for endangered status under paragraph (2), and

''(C) a plan that is in endangered status under this paragraph shall not emerge from endangered status unless the plan's actuary certifies under paragraph (5)(A) that the plan is no longer in endangered status and is not in critical or declining status.''.

(g) AMENDMENTS RELATING TO FUNDING IMPROVEMENT PLAN.—

(1) IN GENERAL.—Paragraph (1) of section 432(d) of the Internal Revenue Code of 1986, as redesignated and amended by this section, is further amended—

(A) by striking the last sentence, and

(B) in subparagraph (B), by striking ''funding improvement plan—'' and all that follows and inserting ''funding improvement plan, shall provide to the bargaining parties 1 or more schedules showing revised benefit structures, revised contribution structures, or both, which, if adopted, may reasonably be expected to enable the multiemployer plan to meet the requirements of paragraph (3), including—

''(i) one default proposal under which—

''(I) all adjustable benefits in the form of early retirement subsidies (including early reduction factors which are not provided on an actuarially equivalent basis) under the plan are eliminated, and

''(II) the future monthly benefit accrual rate under the plan is reduced to the equivalent of 1 percent of annual contributions (or, if lower, the accrual rate as of the date of the enactment of the Chris Allen Multiemployer Pension Recapitalization and Reform Act of 2020) based on the contribution rate in effect as of the first day of the plan year in which the plan enters endangered status, and which may also include reduction or elimination of any other adjustable benefits under the plan, and

''(ii) any additional schedules which reduce or eliminate adjustable benefits under the plan which the plan sponsor deems appropriate to provide as an alternative to the default proposal.''.

(2) FUNDING IMPROVEMENT PLAN.—Paragraph (3) of section 432(d) of such Code, as so redesignated and amended, is further amended—

(A) by striking ''For purposes of this section—'' and all that follows through ''which consists of'' in subparagraph (A) and inserting ''For purposes of this section, a funding improvement plan is a plan which consists of'', and

(B) by striking ''formulated to provide'' and all that follows and inserting ''formulated, based on reasonably anticipated experience and reasonable actuarial assumptions, to—

''(A) enable the plan to no longer be in endangered status (as certified by the plan actuary) by the end of the funding improvement period, and

''(B) avoid any accumulated funding deficiencies during the funding improvement period (taking into account any extension of amortization periods under section 431(d)).''.

(3) FUNDING IMPROVEMENT PERIOD.—Paragraph (4) of section 432(d) of such Code, as so redesignated and amended, is further amended by striking subparagraph (B) and inserting after subparagraph (A) the following new subparagraph:

''(B) NEW PERIOD BASED ON ADVERSE EXPERIENCE.—

''(i) IN GENERAL.—If the plan's actuary determines necessary based on adverse plan experience, the plan sponsor may provide for a new 10-year period as of the first day of any plan year in the original funding improvement period, but only if the plan is still projected to meet the requirements of the funding improvement plan and emerge from endangered status at the end of the new funding improvement period.

''(ii) LIMITATION.—A plan sponsor may provide a new 10-year period under clause (i) not more than 1 time in any 20-consecutive-year period, unless the plan sponsor submits to the Secretary an application for an additional new period. Such application shall include a certification that the plan is projected to emerge from endangered status in the proposed new 10-year period and a description of key assumptions, to be specified in regulations promulgated by the Secretary in consultation with the Pension Benefit Guaranty Corporation.''.

(4) CONFORMING AMENDMENTS.—

(A) Subparagraph (C) of section 432(d)(4) of such Code, as so redesignated and amended, is further amended—

(i) by striking ''critical status'' both places it appears in clauses (i) and (ii) and inserting ''critical or declining status'',

(ii) by striking ''rehabilitation period'' in clause (ii) and inserting ''rehabilitation or solvency attainment period'', and

(iii) by striking ''CRITICAL STATUS'' in the heading of clause (ii) and inserting ''CRITICAL OR DECLINING STATUS''.

(B) Subsection (d) of section 432 of such Code, as so redesignated and amended, is further amended by striking paragraph (5) and by redesignating paragraphs (6), (7), and (8) as paragraphs (5), (6), and (7), respectively.

(C) Paragraph (6) of section 432(d) of such Code, as so redesignated, is amended—

(i) by striking ''(1)(B)(i)(I)'' in subparagraph (A) and inserting ''(1)(B)(i)'', and

(ii) by striking ''paragraph (6)(B)'' in subparagraph (B)(ii) and inserting ''paragraph (5)(B)''.

(D) Paragraph (2) of section 432(d) of such Code, as so redesignated, is amended by inserting '', except that the next update of the funding improvement plan shall fulfill the requirement of paragraph (1)(B)(i)'' after ''for a preceding plan year''.

(h) AMENDMENTS RELATING TO REHABILITATION PLAN.—

(1) IN GENERAL.—Paragraph (1) of section 432(f) of the Internal Revenue Code of 1986, as redesignated and amended by this section, is further amended—

(A) by striking the last 2 sentences, and

(B) in subparagraph (B), by striking ''rehabilitation plan—'' and all that follows and inserting ''rehabilitation plan, shall provide to the bargaining parties 1 or more schedules showing revised benefit structures, revised contribution structures, or both, which, if adopted, may reasonably be expected to enable the multiemployer plan to meet the requirements of paragraph (3), including—

''(i) one default proposal under which—

''(I) all adjustable benefits in the form of early retirement subsidies (including early reduction factors which are not provided on an actuarially equivalent basis) under the plan are eliminated, and

''(II) the future monthly benefit accrual rate under the plan is reduced to the equivalent of 1 percent of annual contributions (or, if lower, the accrual rate as of the date of the enactment of the Chris Allen Multiemployer Pension Recapitalization and Reform Act of 2020) based on the contribution rate in effect as of the first day of the plan year in which the plan enters critical status, and

which may also include reduction or elimination of any other adjustable benefits under the plan, and

''(ii) any additional schedules which reduce or eliminate adjustable benefits under the plan which the plan sponsor deems appropriate to provide as an alternative to the default proposal.

In the case of a plan adopting a rehabilitation plan described in paragraph (3)(A)(ii), no schedule provided to or adopted by the bargaining parties shall provide for a monthly benefit accrual rate in excess of the rate described in subparagraph (B)(i)(II).''.

(2) REHABILITATION PLAN.—

(A) IN GENERAL.—Subparagraph (A) of section 432(f)(3) of such Code, as so redesignated, is amended—

(i) by striking ''and may include'' and all that follows through ''such actions'' in clause (i),

(ii) by inserting '', while delaying insolvency for as long as possible and maximizing the income of the plan, including income after insolvency'' before the period in clause (ii), and

(iii) by striking ''(1)(B)(i)'' in the last sentence and inserting ''(1)(B)''.

(B) CONFORMING AMENDMENTS.—Clause (i) of section 432(f)(3)(C) of such Code, as so redesignated, is amended—

(i) by striking ''(1)(B)(i)'' in subclause (II) and inserting ''(1)(B)'', and

(ii) by striking ''the last sentence of paragraph (1)'' and inserting ''paragraph (1)(B)(i)''.

(3) REHABILITATION PERIOD.—

(A) IN GENERAL.—Subparagraph (A) of section 432(f)(4) of such Code, as so redesignated and amended, is further amended—

(i) by striking ''The rehabilitation period'' and inserting ''Except as otherwise provided in this subparagraph, the rehabilitation period'', and

(ii) by adding at the end the following: ''If, upon exhaustion of all reasonable measures, the plan is not reasonably expected to emerge from critical status by the end of such 10-year period, the rehabilitation period shall be extended to take into account the projected date of emergence from critical status (if the rehabilitation plan remained in effect until such date) or the projected date of insolvency (if applicable) (unless the plan enters declining status).''.

(B) EMERGENCE FROM CRITICAL STATUS.—Subparagraph (B) of section 432(f)(4) of such Code, as so redesignated and amended, is further amended—

(i) by inserting ''and is not in declining status,'' after the comma in clause (i)(I),

(ii) by striking subclause (III) of clause (i) and inserting the following:

''(III) the plan's projected funded percentage as of the first day of the 15th succeeding plan year is at least 100 percent and is projected to increase after such date.'',

(iii) by striking ''that—'' and all that follows through ''regardless of whether'' in clause (ii)(I) and inserting ''that the plan meets the requirements of subclauses (II) and (III) of clause (i), regardless of whether'', and

(iv) by striking ''unless—'' and all that follows in clause (ii)(II) and inserting ''unless, as of such plan year, the plan fails to meet the requirements of subclause (II) or (III) of clause (i).''.

(4) RULES RELATING TO BENEFIT INCREASES DURING REHABILITATION PERIOD.—Subparagraph (B) of section 432(g)(1) of such Code, as so redesignated and amended, is further amended by striking ''unless'' and all that follows and inserting ''unless the amendment is required as a condition of qualification under part I of subchapter D of chapter 1 or to comply with other applicable law, or the amendment provides for only a de minimis increase in the liabilities of the plan.''.

(5) CONFORMING AMENDMENTS.—

(A) Paragraph (6) of section 432(f) of such Code, as so redesignated, is amended by striking ''the last sentence of paragraph (1)'' and inserting ''paragraph (1)(B)(i)''.

(B) Paragraph (2) of section 432(f) of such Code, as so redesignated, is amended by inserting '', except that the next update of the rehabilitation plan shall fulfill the requirement of paragraph (1)(B)(i)'' after ''for a preceding plan year''.

(i) ACTUARIAL ASSUMPTIONS.—

(1) IN GENERAL.—Subsection (n) of section 432 of the Internal Revenue Code of 1986, as redesignated by subsections (a), (d), and (e), is amended—

(A) by striking ''METHOD'' in the heading and inserting ''METHOD AND ASSUMPTIONS'', and

(B) by adding at the end the following new paragraph:

''(11) ACTUARIAL ASSUMPTIONS.—

''(A) IN GENERAL.—The actuarial assumptions relied upon for purposes of this section by a plan actuary shall be individually reasonable and, in the aggregate, shall be reasonable and (with the exception of assumptions regarding future contributions) represent the actuary's best estimate of future plan experience, within limitations prescribed by the Secretary. A plan actuary shall avoid conservatism or optimism in individual assumptions to the extent that they would result in a set of assumptions that is unreasonable in the aggregate.

''(B) INVESTMENT RETURNS.—The investment return assumption for projecting plan assets may differ from the actuarial valuation interest rate. In selecting the investment return assumption for projecting plan assets, the plan actuary shall estimate the expected return of the plan's investments as currently invested and as expected to be invested in the future, consistent with the plan's adopted investment policy, if applicable. It is reasonable for an actuary to expect that the plan's investment decisions will consider risk, expected returns over time, and expected future benefit payments. The investment return assumption shall not exceed the interest rate used to determine past service liability under section 431(b)(6).

''(C) CONTRIBUTIONS.—

''(i) IN GENERAL.—The plan actuary shall develop assumptions for the projection of future contributions, including assumptions regarding industry activity among contributing employers and contribution rates, based on information provided by the plan sponsor, which must act reasonably and in good faith. The plan actuary shall certify the reasonableness of all assumptions.

''(ii) PROJECTED INDUSTRY ACTIVITY.—Any projection of activity in the industry or industries covered by the plan, including future covered employment and contribution levels, shall be based on information provided by the plan sponsor acting reasonably and in good faith.

''(iii) FUTURE CONTRIBUTION BASE UNITS.—

''(I) DECLINING CONTRIBUTION BASE UNITS.—If recent experience of the plan has been declining contribution base units, the plan actuary may assume future contribution base units will continue to decline at the same annualized trend as over the 5 immediately preceding plan years, unless the actuary determines that there have been significant changes that would make such assumption unreasonable.

''(II) FLAT OR INCREASING CONTRIBUTION BASE UNITS.—If recent experience of the plan has been increasing, or neither increasing nor decreasing, contribution base units, the plan actuary may assume future contribution base units will remain unchanged indefinitely, unless the actuary determines that there have been significant changes that would make such assumption unreasonable.

''(iv) FUTURE CONTRIBUTION RATES.—

''(I) IN GENERAL.—Projections of contributions shall be based on the contribution rates consistent with the terms of collective bargaining and participation agreements currently in effect.

''(II) FUTURE INCREASES IN ACCORDANCE WITH CORRECTION PLANS.—If reasonable and applicable, the plan actuary may assume future increases in contribution rates consistent with the adopted funding improvement plan, rehabilitation plan, or solvency plan.

''(III) ADDITIONAL FACTORS.—Information provided by the plan sponsor to the plan actuary in setting the assumption regarding future increases in contribution rates shall take into account the ability of the participating employers to make contributions at the scheduled rates over time, considering relevant factors such as projected industry activity, the financial strength of participating employers, market competition, and the scheduled contribution rate to the plan relative to the overall wage package.

''(D) ASSUMPTIONS FOR DEVELOPING SCHEDULES.—All schedules under any funding improvement plan, rehabilitation plan, or solvency plan must be developed based on the same set of actuarial assumptions unless it would be unreasonable to do so, taking into account the anticipated impact of the schedules on participant behavior and employer participation.''.

(2) ADDITIONS TO FORM 5500 SCHEDULE MB.—Subparagraph (B) of section 432(b)(5) of such Code, as redesignated and amended by this section, is further amended by adding at the end the following new clause:

''(vi) ADDITIONAL ATTACHMENTS.—The plan actuary shall attach to the certification required under subparagraph (A)—

''(I) documentation supporting the certification of status under subparagraph (A), including projections of the funding standard account, funded percentage, and solvency of the plan,

''(II) a clear description of the key assumptions used in performing the projections, including investment returns, contribution base units, and contribution rates,

''(III) a 5-year history of contributions, including contribution base units, average contribution rates, and withdrawal liability payments, and a comparison of such contribution base units, rates, and payments to projections made by the plan, and

''(IV) an alternate projection of the funding standard account, funded percentage, and solvency, based on the following assumptions:

''(aa) Annual future investment returns on plan assets equal the actuarial interest rate assumption minus 1 percent.

''(bb) Future contribution base units projected using a trend equal to the lesser of—

''(AA) the annualized trend of actual contribution base units over the 5 preceding plan years, and

''(BB) no change in future contribution base units.

''(cc) No increases in future contribution rates beyond those consistent with the collective bargaining agreements and participation agreements in effect for the plan year.

''(dd) The withdrawal from the plan of the employer which has contributed the greatest total amount of contributions over the 5 preceding plan years, if such employer has contributed at least 10 percent of the total contributions to the plan over such 5 plan years and such employer has a below investment grade credit rating (but only if obtaining the credit rating of such employer is not an undue burden).

''(ee) If such credit rating cannot be obtained without undue burden, the withdrawal of the employer which has contributed the greatest total amount of contributions over the 5 preceding plan years, if such employer has contributed at least 10 percent of the total contributions to the plan over such 5 plan years without regard to collection of any withdrawal liability.

''(ff) If no employer has contributed at least 10 percent of the total contributions to the plan over the 5 preceding plan years, the

withdrawal of the employer which contributed the greatest total amount of contributions for the current plan year, without regard to collection of any withdrawal liability, unless the employer contributed less than 1 percent of the total contributions to the plan for such plan year.

''(gg) Other assumptions consistent with the projection based on the actuary's best estimate assumptions.''.

(3) CONFORMING AMENDMENTS.—

(A) Section 432(b)(5)(B)(i) of such Code, as redesignated by this section, is amended by striking ''assumptions'' and inserting ''assumptions meeting the requirements of subsection (n)(11)''.

(B) Section 432(b)(5)(A)(vi) of such Code, as amended by this section and section 321, is further amended by striking ''reasonable actuarial assumptions'' and inserting ''assumptions meeting the requirements of subsection (n)(11)''.

(C) Paragraph (3) of section 432(d) of such Code, as amended by subsection (g), is further amended by striking ''reasonable actuarial assumptions'' and inserting ''assumptions meeting the requirements of subsection (n)(11)''.

(D) Clause (i) of section 432(f)(3)(A) of such Code, as amended by subsection (h), is further amended by striking ''reasonable actuarial assumptions'' and inserting ''assumptions meeting the requirements of subsection (n)(11)''.

(E) Section 432(h)(3) of such Code, as added by subsection (d), is amended by striking ''reasonable actuarial assumptions'' and inserting ''assumptions meeting the requirements of subsection (n)(11)''.

(j) CONFORMING AMENDMENTS RELATING TO LEGACY PLANS.—

(1) Subsections (a)(3)(F), (b)(1)(B)(i), (b)(1)(H)(iv), and (d)(6)(A) of section 411 of the Internal Revenue Code of 1986, as amended by title V, are each further amended by striking ''432(f)'' each place it appears and inserting ''432(h)(8)''.

(2) Sections 431(b)(10), 440A(d)(2)(D), and 440A(d)(4) of such Code, as added by title V, are each amended by striking ''endangered or critical'' and inserting ''endangered, critical, or declining''.

(3) Section 437(b)(1) of such Act, as so added, is amended by striking ''endangered or critical'' both places it appears and inserting ''endangered, critical, or declining''.

(4) Sections 437(b)(5)(B) and 440A(b)(1)(A) of such Code, as so added, are each amended by striking ''endangered or critical'' and inserting ''endangered, critical, or declining''.

(5) Sections 437(b)(1), 437(b)(5)(B), 440A(b)(1)(A), and 440A(e)(3) of such Code, as so added, are each amended by striking ''432(b)(4)'' and inserting ''432(b)(5)''.

(6) Sections 438(b)(5) and 440A(d)(2)(A) of such Code, as so added, are each amended by striking ''432(b)(4)(B)'' and inserting ''432(b)(5)(B)''.

(7) Section 438(b)(1) of such Code, as so added, is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting '', and'', and by adding at the end the following new subparagraph:

''(D) consistent with the principles of subparagraphs (B), (C), and (D) of section 432(n)(11).''.

(8) Section 439(a)(2)(D) of such Code, as so added, is amended by striking ''432(f)(9)(D)(vi)'' and inserting ''432(h)(8)(D)(vi)''.

(9) Section 439(a)(3) of such Code, as so added, is amended by striking ''432(f)(8)'' and inserting ''432(m)(1)(D)''.

(10) Section 440A(d)(2)(D) of such Code, as so added and amended, is further amended by striking ''funding improvement or rehabilitation plan'' and inserting ''funding improvement, rehabilitation, or solvency plan''.

(k) EFFECTIVE DATE.—Except as otherwise provided in subsection (a)(7), the amendments made by this section shall apply to plan years beginning after December 31, 2020.

(l) CREDIT RATINGS.—No requirement of section 939 or 939A of the Dodd-Frank Wall Street Reform and Consumer Protection Act (124 Stat. 1887; 15 U.S.C. 78o–7 note) shall apply with respect to the amendment made by subsection (i)(2).

SEC. 212. AMENDMENTS TO EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.

(a) RULES APPLYING TO ALL MULTIEMPLOYER PLANS.—

(1) IN GENERAL.—Subsection (a) of section 305 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1085) is amended—

(A) by striking ''a multiemployer plan in effect on July 16, 2006—'' and inserting ''any multiemployer plan—'',

(B) by redesignating paragraphs (1), (2), and (3) as paragraphs (2), (3), and (4), respectively,

(C) by inserting before paragraph (2), as so redesignated, the following new paragraph:

''(1) the rules of subsection (c) shall apply,'',

(D) by striking ''subsection (c)'' in paragraph (2)(A), as so redesignated, and inserting ''subsection (d)'',

(E) by striking ''subsection (d)'' in paragraph (2)(B), as so redesignated, and inserting ''subsection (e)'',

(F) by striking ''subsection (e)'' in paragraph (3)(A), as so redesignated, and inserting ''subsection (f)'',

(G) by striking ''subsection (f)'' in paragraph (3)(B), as so redesignated, and inserting ''subsection (g)'', and

(H) by striking ''subsection (e)(9)'' in paragraph (4)(B), as so redesignated, and inserting ''subsection (f)(9)''.

(2) RULES OF IMMEDIATE APPLICATION.—Section 305 of such Act (29 U.S.C. 1085) is amended—

(A) by redesignating subsections (c), (d), (e), (f), (g), (h), (i), and (j) as subsections (d), (e), (f), (g), (h), (i), (j), and (k), respectively, and

(B) by inserting after subsection (b) the following new subsection:

''(c) RULES APPLYING TO ALL MULTIEMPLOYER PLANS.—

''(1) BENEFIT INCREASES.—

''(A) INCREASES BY PLAN AMENDMENT.—The plan sponsor of any multiemployer plan shall not adopt a plan amendment which increases plan liabilities (as determined as of the date of the adoption of the amendment) due to any increase in benefits, any change in the accrual rate of benefits, or any change in the rate at which benefits become nonforfeitable, unless—

''(i) if the plan is in unrestricted status as of the adoption of such amendment, the plan actuary certifies in accordance with subsection (b)(4) that the increase in liabilities will not cause the plan to no longer be in unrestricted status,

''(ii) if the plan is in stable status as of the adoption of such amendment, the plan actuary certifies in accordance with subsection (b)(4) that any such increase or change in benefits will be paid from additional contributions not required by any collective bargaining agreement in effect as of the adoption of the amendment,

''(iii) if the plan is in endangered status as of the adoption of such amendment, the plan actuary certifies in accordance with subsection (b)(4) that any such increase or change in benefits will be paid from additional contributions not contemplated in any current funding improvement plan, or

''(iv) the increase or change in benefits is required by law or is a de minimis change.

''(B) INCREASES UNDER CRITICAL OR CRITICAL AND DECLINING STATUS.—Unless required as a condition of qualification under part I of subchapter D of chapter 1 of the Internal Revenue Code of 1986 or to comply with other applicable law, in the case of a plan which is in critical or critical and declining status, no increase in benefits, change in the accrual rate of benefits, or change in the rate at which benefits become nonforfeitable which increases plan liabilities shall take effect while the plan is in such status, without regard to whether such increase or change would otherwise occur under the provisions of the plan, unless the increase in plan liabilities due to the change is de minimis.

''(2) CONTRIBUTION REDUCTIONS.—The plan sponsor of any multiemployer plan shall not accept any collective bargaining agreement or participation agreement which reduces the rate of contributions under the plan for any participants, suspends contributions with respect to any period of service, or directly or indirectly excludes younger, probationary, or newly hired employees from participation in the plan, unless—

''(A) the plan is in unrestricted status as of the adoption of such agreement and the plan actuary certifies in accordance with subsection (b)(4) that the reduction in contributions will not cause the plan to no longer be in unrestricted status,

''(B) the reduction in contributions is accompanied by a reduction in future accruals for the affected participants, and the plan actuary certifies in accordance with subsection (b)(4) that the combined effect of the changes in contributions and benefits is not projected to reduce the funded percentage of the plan in any year, or

''(C) subject to regulations issued by the Secretary of the Treasury, the plan sponsor reasonably determines that the acceptance of such an agreement is in the best interests of plan participants and beneficiaries and that rejection of the agreement would have an adverse financial effect on the plan.''.

(3) STABLE AND UNRESTRICTED PLANS.—Subsection (b) of section 305 of such Act (29 U.S.C. 1085) is amended—

(A) by striking ''ENDANGERED AND CRITICAL'' in the heading,

(B) by redesignating paragraphs (1), (2), (3), (4), (5), and (6) as paragraphs (2), (3), (4), (5), (6), and (7), respectively, and

(C) by inserting before paragraph (2) the following new paragraph:

''(1) STABLE AND UNRESTRICTED STATUS.—

''(A) STABLE.—A multiemployer plan is in stable status for a plan year if, as determined by the plan actuary under paragraph (4), the plan is not in unrestricted status for the plan year, is not in endangered, critical, or critical and declining status for the plan year, and is not described in paragraph (6).

''(B) UNRESTRICTED.—A multiemployer plan is in unrestricted status for a plan year if, as determined by the plan actuary under paragraph (4)—

''(i) the plan is not in endangered, critical, or critical and declining status for the plan year,

''(ii) the plan is not described in paragraph (6), and

''(iii) as of the beginning of the plan year—

''(I) the plan's current liability funded percentage for such plan year is at least 70 percent and the plan's projected funded percentage as of the first day of the 15th succeeding plan year is at least 115 percent, or

''(II) the plan's current liability funded percentage for such plan year is at least 80 percent.

''(C) CURRENT LIABILITY FUNDED PERCENTAGE.—For purposes of this section, the term 'current liability funded percentage' means

the percentage equal to a fraction the numerator of which is the value of plan assets (as determined for purposes of section 304(c)(6)(A)(ii)(II)) and the denominator of which is the current liabilities of the plan (as defined in section 304(c)(6)(D)).''.

(4) AMENDMENT TO ANNUAL CERTIFICATION BY PLAN ACTUARY.—Subparagraph (A) of paragraph (4) (as redesignated by paragraph (3)) of section 305(b) of such Act (29 U.S.C. 1085(b)) is amended by inserting ''whether or not the plan is in unrestricted or stable status for such plan year,'' in clause (i) before ''whether or not the plan is in endangered status''.

(5) CONFORMING AND TECHNICAL AMENDMENTS.—

(A) TECHNICAL CORRECTION.—Section 305(b)(3)(B) of such Act (29 U.S.C. 1085(b)(3)(B)) is amended by redesignating the clause (iv) relating to projections of critical and declining status, as added by section 201(a)(5) of the Consolidated and Further Continuing Appropriations Act, 2015, as clause (v), and by moving such clause to the position immediately after clause (iv).

(B) CONFORMING AMENDMENTS.—

(i) Paragraphs (2) and (3) of section 305(b) of such Act (29 U.S.C. 1085(b)), as redesignated by paragraph (3), are each amended by striking ''paragraph (3)'' and inserting ''paragraph (4)''.

(ii) Section 305(b)(2) of such Act (29 U.S.C. 1085(b)(2)), as so redesignated and amended, is further amended by striking ''paragraph (5)'' and inserting ''paragraph (6)''.

(iii) Section 305(b)(4) of such Act (29 U.S.C. 1085(b)(4)), as so redesignated, is amended—

(I) by striking ''paragraph (4)'' in subparagraph (B)(iv) thereof and inserting ''paragraph (5)'',

(II) by striking ''subsection (e)(9)'' both places it appears in subparagraph (B)(v), as redesignated by subparagraph (A), and inserting ''subsection (f)(9)'',

(III) by striking ''subsection (e)(3)(A)(ii)'' in subparagraph (B)(v), as so redesignated, and inserting ''subsection (f)(3)(A)(ii)'',

(IV) by striking ''subsection (e)'' in subparagraph (B)(v), as so redesignated, and inserting ''subsection (f)'',

(V) by striking ''paragraph (4)'' each place it appears in subparagraphs (D)(i) and (D)(v) thereof and inserting ''paragraph (5)'',

(VI) by striking ''subsection (e)(8)'' in subparagraph (D)(iii)(I) thereof and inserting ''subsection (f)(8)'',

(VII) by striking ''paragraph (5)'' in subparagraph (D)(iii) thereof and inserting ''paragraph (6)'', and

(VIII) by striking ''(iii) In the case of'' in subparagraph (D)(iii) thereof and inserting ''(iii) SPECIAL RULE.—''.

(iv) Section 305(b)(5) of such Act (29 U.S.C. 1085(b)(5)), as redesignated by paragraph (3), is amended—

(I) by striking ''paragraph (2)'' and inserting ''paragraph (3)'',

(II) by striking ''paragraph (3)(B)(iv)'' and inserting ''paragraph (4)(B)(iv)'',

(III) by striking ''paragraph (3)'' in subparagraph (A) thereof and inserting ''paragraph (4)'',

(IV) by striking ''paragraph (3)(A)'' in subparagraph (A) thereof and inserting ''paragraph (4)(A)'',

(V) by striking ''paragraph (2)'' in subparagraph (B) thereof and inserting ''paragraph (3)'', and

(VI) by striking ''subsection (e)(4)(B)'' in subparagraph (C) thereof and inserting ''subsection (f)(4)(B)''.

(v) Section 305(b)(6)(A) of such Act (29 U.S.C. 1085(b)(6)(A)), as so redesignated, is amended—

(I) by striking ''paragraph (3)(A)'' and inserting ''paragraph (4)(A)'',

(II) by striking ''paragraph (1)(A)'' and inserting ''paragraph (2)(A)'', and

(III) by striking ''paragraph (1)(B)'' and inserting ''paragraph (2)(B)''.

(vi) Section 305(b)(7) of such Act (29 U.S.C. 1085(b)(7)), as so redesignated, is amended by striking ''paragraph (2)'' and inserting ''paragraph (3)''.

(vii) Paragraphs (1)(A), (4)(A)(ii), (4)(C)(i), (4)(C)(ii), (4)(D), (5)(A)(i), (5)(B), and (8) of subsection (d), and subsections (e)(2), (f)(1)(A), (f)(4)(B)(i), (f)(4)(B)(ii)(I), (f)(5), and (g)(3) of section 305 of such Act (29 U.S.C. 1085), as respectively redesignated by paragraph (2), are each amended by striking ''subsection (b)(3)(A)'' and inserting ''subsection (b)(4)(A)''.

(viii) Section 305(d)(3)(A)(i)(I) of such Act (29 U.S.C. 1085(d)(3)(A)(i)(I)), as so redesignated, is amended by striking ''paragraph (b)(3)'' and inserting ''subsection (b)(4)''.

(ix) Section 305(d)(4)(D) of such Act (29 U.S.C. 1085(d)(4)(D)), as so redesignated, is amended by striking ''subsection (d)'' and inserting ''subsection (e)''.

(x) Section 305(e) of such Act (29 U.S.C. 1085(e)), as so redesignated, is amended to read as follows:

''(e) RULES FOR OPERATION OF PLAN DURING ADOPTION AND IMPROVEMENT PERIODS.—A plan may not be amended after the date of the adoption of a funding improvement plan under subsection (d) so as to be inconsistent with the funding improvement plan or the requirements of subsection (c).''.

(xi) Clauses (i)(I) and (ii)(I) of section 305(f)(4)(B) of such Act (29 U.S.C. 1085(f)(4)(B)), as so redesignated, are each amended by striking ''subsection (b)(2)'' and inserting ''subsection (b)(3)''.

(xii) Subsections (f)(8)(A)(ii) and (g)(2)(A) of section 305 of such Act (29 U.S.C. 1085), as so redesignated, are each amended by striking ''subsection (b)(3)(D)'' and inserting ''subsection (b)(4)(D)''.

(xiii) Section 305(f)(9)(J) of such Act (29 U.S.C. 1085(f)(9)(J)), as so redesignated, is amended—

(I) by striking ''subsection (b)(3)'' and inserting ''subsection (b)(4)'', and

(II) by striking ''paragraphs (1) and (2)'' in clause (i) thereof and inserting ''paragraphs (2) and (3)''.

(xiv) Subparagraphs (A) and (B) of section 305(g)(1) of such Act (29 U.S.C. 1085(g)(1)), as so redesignated, are each amended by striking ''subsection (e)'' and inserting ''subsection (f)''.

(xv) Paragraph (2)(A) of section 305(g) of such Act (29 U.S.C. 1085(g)), as so redesignated, is amended by striking ''(b)(3)(D)'' and inserting ''(b)(4)(D)''.

(xvi) Section 305(h) of such Act (29 U.S.C. 1085(h)), as so redesignated, is amended—

(I) by striking ''subsection (e)(8) or (f)'' in paragraph (1) thereof and inserting ''subsection (f)(8) or (g)'',

(II) by striking ''subsection (e)(9)'' in paragraph (1) thereof and inserting ''subsection (f)(9)'',

(III) by striking ''subsection (e)(7)'' in paragraph (2) thereof and inserting ''subsection (f)(7)'', and

(IV) by striking ''rehabilitation plan'' and all that follows in paragraph (3)(B) thereof and inserting ''rehabilitation plan. The preceding sentence shall not apply to any increase in contribution requirements due to increased levels of work, employment, or periods for which compensation is provided, except to the extent such an increase is used to provide an increased accrual rate of benefits or change in the rate at which benefits become nonforfeitable which increases plan liabilities.''.

(xvii) Section 305(i) of such Act (29 U.S.C. 1085(i)), as so redesignated, is amended—

(I) by striking ''subsection (c)'' and inserting ''subsection (d)'', and

(II) by striking ''subsection (e)'' and inserting ''subsection (f)''.

(xviii) Section 305(j)(2) of such Act (29 U.S.C. 1085(j)(2)), as so redesignated, is amended by striking ''subsections (c) and (e)'' and inserting ''subsections (d) and (f)''.

(xix) Section 101(f)(2)(B) of such Act (29 U.S.C. 1021(f)(2)(B)) is amended—

(I) by striking ''305(i)'' in clause (i)(II) and inserting ''305(k)'', and

(II) by striking ''305(i)(8)'' in clause (ii)(II) and inserting ''305(k)(8)''.

(xx) Section 103(f)(1)(B)(ii) of such Act (29 U.S.C. 1023(f)(1)(B)(ii)) is amended by striking ''305(i)(2)'' and inserting ''305(k)(2)''.

(xxi) Section 302(b)(3) of such Act (29 U.S.C. 1082) is amended by striking ''section 305(e)'' and inserting ''section 305(f)''.

(xxii) Section 4231(e)(2)(A) of such Act (29 U.S.C. 1411(e)(2)(A)) is amended by striking ''section 305(b)(4)'' and inserting ''305(b)(7)''.

(xxiii) Section 4233 of such Act (29 U.S.C. 1413) is amended—

(I) by striking ''305(e)(9)'' each place it appears in subsections (b)(2) and (e)(1)(A) and inserting ''305(f)(9)'', and

(II) by striking ''305(e)(9)(E)(vi)'' in subsection (e)(2) and inserting ''305(f)(9)(E)(vi)''.

(xxiv) Section 4245 of such Act (29 U.S.C. 1426), as amended by this Act, is amended—

(I) by striking ''305(b)(2),,'' in subsection (c)(1), as redesignated by section 112, and inserting ''305(b)(3),'',

(II) by striking ''305(b)(2)'' each place it appears in subsections (c)(2), (d)(1), and (d)(2), as so redesignated, and inserting ''305(b)(3)'', and

(III) by striking ''305(e)(9)'' in subsection (f), as so redesignated, and inserting ''305(f)(9)''.

(xxv) The heading of section 305 of such Act (29 U.S.C. 1085) is amended by striking ''**IN ENDANGERED STATUS OR CRITICAL STATUS**''.

(6) WITHDRAWAL LIABILITY DETERMINATION FOR PLANS EMERGING FROM ENDANGERED OR CRITICAL STATUS.—Section 305(h) of such Act (29 U.S.C. 1085(h)), as redesignated by paragraph (2) and as amended by paragraph (5), is further amended by striking paragraph (4) and by inserting after paragraph (3) the following new paragraph:

''(4) EMERGENCE FROM ENDANGERED OR CRITICAL STATUS.—

''(A) IN GENERAL.—In the case of increases in the contribution rate (or other increases in contribution requirements unless due to increased levels of work, employment, or periods for which compensation is provided) disregarded pursuant to paragraph (3), this subsection shall cease to apply as of the later of—

''(i) the end of the first plan year following the plan year in which the plan is no longer in endangered or critical status, or

''(ii) the end of the plan year which includes the expiration date of the first collective bargaining agreement requiring plan contributions which expires after the plan is no longer in endangered or critical status.

''(B) HIGHEST CONTRIBUTION RATE.—Notwithstanding subparagraph (A), once the plan emerges from endangered or critical status—

''(i) increases in the contribution rate disregarded pursuant to paragraph (3) shall continue to be disregarded in determining the highest contribution rate under section 4219(c) for plan years during which the plan was in endangered or critical status, and

''(ii) the highest contribution rate for purposes of such section shall be the greater of—

''(I) the sum of—

''(aa) the employer's contribution rate as of the later of the last day of the last plan year ending before December 31, 2014, and the

last day of the plan year for which the employer first had an obligation to contribute to the plan, and

''(bb) any contribution increases determined in accordance with this section after such later date and before the date the employer withdraws from the plan, or

''(II) the highest contribution rate for any plan year after the plan year which includes the earlier of—

''(aa) the expiration date of the first collective bargaining agreement applicable to the withdrawing employer requiring plan contributions which expires after the plan is no longer in endangered or critical status, or

''(bb) the date as of which the withdrawing employer negotiated a contribution rate effective after the plan year in which the plan is no longer in endangered or critical status.''.

(7) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the date of the enactment of this Act.

(b) DETERMINATION OF ENDANGERED STATUS.—Paragraph (2) of section 305(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1085(b)), as redesignated by subsection (a)(3), is amended to read as follows:

''(2) ENDANGERED STATUS.—A multiemployer plan is in endangered status for a plan year if, as determined by the plan actuary under paragraph (5), the plan is not in critical or declining status for the plan year and is not described in paragraph (7), and, as of the beginning of the plan year—

''(A) the plan's funded percentage for such plan year is less than 80 percent,

''(B) the plan is projected to have an accumulated funding deficiency for any of the 9 succeeding plan years, taking into account any extension of amortization periods under section 304(d), or

''(C) the plan's projected funded percentage as of the first day of the 15th succeeding plan year is less than 100 percent.''.

(c) DETERMINATION OF CRITICAL STATUS.—Paragraph (3) of section 305(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1085(b)), as redesignated by subsection (a)(3), is amended to read as follows:

''(3) CRITICAL STATUS.—

''(A) IN GENERAL.—A multiemployer plan is in critical status for a plan year if, as determined by the plan actuary under paragraph (5), the plan is not in declining status for the plan year and, as of the beginning of the plan year—

''(i) the plan's funded percentage is less than 65 percent,

''(ii) the plan has an accumulated funding deficiency for the plan year, or is projected to have such an accumulated funding deficiency for any of the 6 succeeding plan years, taking into account any extension of amortization periods under section 304(d), or

''(iii) the plan's projected funded percentage as of the first day of the 15th succeeding plan year is less than 80 percent.

''(B) ORIGINAL PLANS.—Notwithstanding subparagraph (A), a multiemployer plan which is an original plan pursuant to section 4233A(d)(3) shall be treated as being in critical status for the period of 15 consecutive plan years beginning with the plan year that includes the date of the partition under section 4233A.''.

(d) DECLINING STATUS.—

(1) IN GENERAL.—

(A) The following provisions of section 305 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1085) are each amended by striking ''critical and declining'' each place it appears and inserting ''declining'':

(i) Subsection (a)(4) (as redesignated by subsection (a)(1)).

(ii) Subparagraphs (A) and (B)(i) of subsection (b)(1), as added by subsection (a)(3).

(iii) Subsection (b)(4)(B)(v) (as redesignated by subsection (a)(3)).

(iv) The heading of clause (v) of subsection (b)(4)(B), as redesignated by subsection (a)(3).

(v) Paragraph (1)(B), and the heading of such paragraph (1)(B), of subsection (c), as added by subsection (a)(2).

(vi) The heading of paragraph (9) of subsection (f) (as redesignated by subsection (a)(2)).

(vii) Subparagraphs (A), (C), (G)(i), and (J) of subsection (f)(9) (as so redesignated).

(viii) Subsection (h)(1) (as so redesignated).

(B) Subsections (c), as amended by section 221, and (e)(2)(A), as amended by this section, of section 4231 of such Act (29 U.S.C. 1411(e)(2)(A)) are each further amended by striking ''critical and declining status'' and inserting ''declining status''.

(C) Section 4233(b)(1) of such Act (29 U.S.C. 1413(b)(1)) is amended by striking ''critical and declining status'' and inserting ''declining status''.

(D) Section 4245(f) of such Act (29 U.S.C. 1426), as amended by section 112 and subsection (a), is further amended by striking ''critical and declining status'' and inserting ''declining status''.

(2) DETERMINATION OF DECLINING STATUS.—

(A) IN GENERAL.—Subsection (b) of section 305 of such Act (29 U.S.C. 1085) is amended—

(i) by striking paragraph (7), as redesignated by subsection (a)(3),

(ii) by redesignating paragraphs (4), (5), and (6), as so redesignated, as paragraphs (5), (6), and (7), respectively, and

(iii) by inserting after paragraph (3), as so redesignated, the following new paragraph:

''(4) DECLINING STATUS.—A multiemployer plan is in declining status for a plan year if—

''(A) as determined by the plan actuary under paragraph (5), as of the beginning of the plan year the plan is projected to become insolvent within the plan year or any of the 29 succeeding plan years,

''(B) the plan is otherwise in critical status for the plan year as determined by the plan actuary under paragraph (5), and the plan sponsor determines that, based on reasonable actuarial assumptions and upon exhaustion of all reasonable measures, the plan cannot reasonably be expected to emerge from critical status within the next 30 plan years, or

''(C) the plan has a funded percentage for the plan year which is greater than the projected funded percentage as of the first day of the 15th succeeding plan year, unless the funded percentage for the plan year is 100 percent or greater and the projected funded percentage as of the first day of such 15th succeeding plan year is less than 100 percent.''.

(B) CONFORMING AMENDMENTS.—

(i) Paragraph (1) of section 305(b) of such Act (29 U.S.C. 1085), as added by subsection (a)(3), is amended—

(I) by striking ''paragraph (4)'' each place it appears in subparagraphs (A) and (B) and inserting ''paragraph (5)'', and

(II) by striking ''paragraph (6)'' each place it appears in subparagraphs (A) and (B) and inserting ''paragraph (7)''.

(ii) Subsection (c) of section 305 of such Act (29 U.S.C. 1085), as added by subsection (a)(2), is amended by striking ''(b)(4)'' each place it appears in paragraphs (1)(A)(i), (1)(A)(ii), (1)(A)(iii), (2)(A), and (2)(B) and inserting ''(b)(5)''.

(iii) Section 305(b)(5) of such Act (29 U.S.C. 1085(b)(5)), as further redesignated by subparagraph (A) and as amended by section 321 and subsection (a), is further amended—

(I) by striking ''paragraph (5)'' in subparagraph (B)(iv) thereof and inserting ''paragraph (6)'',

(II) by striking ''paragraph (5)'' each place it appears in subparagraphs (D)(i) and (D)(vi) thereof and inserting ''paragraph (6)'', and

(III) by striking ''paragraph (6)'' in subparagraph (D)(iv) thereof and inserting ''paragraph (7)''.

(iv) Section 305(b)(6) of such Act (29 U.S.C. 1085(b)(6)), as so further redesignated and amended, is further amended—

(I) by striking ''paragraph (4)(B)(iv)'' and inserting ''paragraph (5)(B)(iv)'',

(II) by striking ''paragraph (4)'' in subparagraph (A) thereof and inserting ''paragraph (5)'', and

(III) by striking ''paragraph (4)(A)'' in subparagraph (A) thereof and inserting ''paragraph (5)(A)''.

(v) Section 305(b)(7)(A) of such Act (29 U.S.C. 1085(b)(7)(A)), as so further redesignated and amended, is further amended—

(I) by striking ''paragraph (4)(A)'' and inserting ''paragraph (5)(A)'', and

(II) by striking ''either paragraph (2)(A) or paragraph (2)(B)'' and inserting ''any subparagraph of paragraph (2)''.

(vi) Section 305(b)(7)(B) of such Act (29 U.S.C. 1085(b)(7)(B)), as so further redesignated, is amended by striking ''critical or endangered'' and inserting ''endangered, critical, or declining''.

(vii) Paragraphs (1)(A), (4)(A)(ii), (4)(C)(i), (4)(C)(ii), (4)(D), and (8) of subsection (d), and subsections (f)(1)(A), (f)(4)(B)(i), (f)(4)(B)(ii)(I), (f)(5), and (g)(3) of section 305 of such Act (29 U.S.C. 1085), as redesignated and amended by subsection (a), are each further amended by striking ''subsection (b)(4)(A)'' and inserting ''subsection (b)(5)(A)''.

(viii) Section 305(d)(3)(A)(i)(I) of such Act (29 U.S.C. 1085(d)(3)(A)(i)(I)), as so redesignated and amended, is further amended by striking ''subsection (b)(4)'' and inserting ''subsection (b)(5)''.

(ix) Subsections (f)(8)(A)(ii) and (g)(2)(A) of section 305 of such Act (29 U.S.C. 1085), as so redesignated and amended, are each further amended by striking ''subsection (b)(4)(D)'' and inserting ''subsection (b)(5)(D)''.

(x) Section 305(f)(9)(J) of such Act (29 U.S.C. 1085(f)(9)(J)), as so redesignated and amended, is further amended by striking ''subsection (b)(4)'' and inserting ''subsection (b)(5)''.

(xi) Section 4231(e)(2)(A) of such Act (29 U.S.C. 1411(e)(2)(A)), as amended by this section, is further amended by striking ''305(b)(7)'' and inserting ''305(b)(4)''.

(3) SOLVENCY PLAN.—

(A) IN GENERAL.—Paragraph (4) (as redesignated by subsection (a)(1) and amended by paragraph (1)) of section 305(a) of such Act (29 U.S.C. 1085(a)) is amended—

(i) by redesignating subparagraph (B) as subparagraph (D), and

(ii) by striking subparagraph (A) and inserting before subparagraph (D) (as so redesignated) the following new subparagraphs:

''(A) the plan sponsor shall adopt and implement a solvency plan in accordance with the requirements of subsection (h),

''(B) any rehabilitation plan in place as of the date the plan enters declining status shall continue to apply throughout the solvency plan adoption period,

''(C) the requirements of subsection (i) and paragraphs (6) and (7) of subsection (f) shall apply during the solvency plan adoption period and the solvency attainment period, and''.

(B) ADOPTION OF PLAN.—Section 305 of such Act (29 U.S.C. 1085), as amended by this section, is further amended—

(i) by redesignating subsection (l), as added by title V of this Act, as subsection (n), and by further redesignating subsections (h), (i), (j), and (k), as redesignated by subsection

(a)(2), as subsections (j), (k), (l), and (m), respectively, and

(ii) by inserting after subsection (g), as redesignated by subsection (a)(2), the following new subsections:

''(h) SOLVENCY PLAN MUST BE ADOPTED FOR MULTIEMPLOYER PLANS IN DECLINING STATUS.—

''(1) IN GENERAL.—In any case in which a multiemployer plan is in declining status for a plan year, the plan sponsor, in accordance with this subsection—

''(A) shall adopt a solvency plan not later than 240 days following the required date for the actuarial certification of declining status under subsection (b)(5)(A), and

''(B) within 30 days after the adoption of the solvency plan shall provide to the bargaining parties 1 or more schedules showing revised benefit structures, revised contribution structures, or both, which, if adopted, may reasonably be expected to enable the multiemployer plan to meet the requirements of paragraph (3), including—

''(i) one default proposal under which—

''(I) all adjustable benefits in the form of early retirement subsidies (including early reduction factors which are not provided on an actuarially equivalent basis) under the plan are eliminated, and

''(II) the future monthly benefit accrual rate under the plan is reduced to the equivalent of 1 percent of annual contributions (or, if lower, the current accrual rate) based on the contribution rate in effect as of the later of the first day of the plan year in which the plan enters declining status or the date of a partition under section 4233A, and

which may also include reduction or elimination of any other adjustable benefits under the plan, and

''(ii) any additional schedules which reduce or eliminate adjustable benefits under the plan which the plan sponsor deems appropriate to provide as an alternative to the default proposal.

No schedule provided to or adopted by the bargaining parties shall provide for a monthly benefit accrual rate in excess of the rate described in subparagraph (B)(i)(II).

''(2) EXCEPTION FOR YEARS AFTER PROCESS BEGINS.—Paragraph (1) shall not apply to a plan year if such year is in a solvency plan adoption period or solvency attainment period by reason of the plan being in declining status for a preceding plan year, except that the next update of the solvency plan shall fulfill the requirement of paragraph (1)(B)(i). For purposes of this section, such preceding plan year shall be the initial determination year with respect to the solvency plan to which it relates.

''(3) SOLVENCY PLAN.—For purposes of this section, a solvency plan is a plan which consists of the actions, including options or a range of options to be proposed to the bargaining parties, formulated, based on reasonably anticipated experience and reasonable actuarial assumptions, to enable the plan to delay or avoid the projected insolvency.

''(4) SOLVENCY ATTAINMENT PERIOD.—For purposes of this section—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the solvency attainment period for any solvency plan adopted pursuant to this subsection is the period—

''(i) beginning on the first day of the first plan year of the multiemployer plan beginning after the earlier of—

''(I) the second anniversary of the date of the adoption of the solvency plan, or

''(II) the expiration of the collective bargaining agreements in effect on the due date for the actuarial certification of declining status for the initial determination year under subsection (b)(5)(A) and covering, as of such due date, at least 75 percent of the active participants in such plan, and

''(ii) ending on the date the plan either emerges from declining status or becomes insolvent.

''(B) COORDINATION WITH CHANGES IN STATUS.—

''(i) PLANS NO LONGER IN DECLINING STATUS.—If the plan's actuary certifies in accordance with subparagraph (C) for a plan year in any solvency plan adoption period or solvency attainment period that the plan is no longer in declining status, the solvency plan adoption period or solvency attainment period, whichever is applicable, shall end as of the date of such certification.

''(ii) PLANS IN CRITICAL OR ENDANGERED STATUS.—If the plan's actuary certifies under subsection (b)(5)(A) for the plan year described in clause (i) that the plan is in critical or endangered rather than declining status, the provisions of subsections (d) and (e), or subsections (f) and (g), whichever are applicable, shall be applied as if such plan year were an initial determination year, except that the plan may not be amended in a manner inconsistent with the solvency plan in effect for the preceding plan year until a new funding improvement plan or rehabilitation plan, whichever is applicable, is adopted.

''(C) EMERGENCE.—A plan in declining status shall remain in such status until a plan year for which the plan actuary certifies, in accordance with subsection (b)(5)(A), that the plan is not described in one or more of the subparagraphs in subsection (b)(4) as of the beginning of the plan year.

''(5) UPDATES TO SOLVENCY PLANS AND SCHEDULES.—

''(A) SOLVENCY PLAN.—The plan sponsor shall annually update the solvency plan and shall file the update with the plan's annual report under section 104.

''(B) SCHEDULES.—The plan sponsor shall annually update any schedule of contribution rates provided under this subsection to reflect the experience of the plan.

''(C) DURATION OF SCHEDULE.—A schedule of contribution rates provided by the plan sponsor and relied upon by bargaining parties in negotiating a collective bargaining agreement shall remain in effect for the duration of that collective bargaining agreement.

''(6) IMPOSITION OF SCHEDULE WHERE FAILURE TO ADOPT SOLVENCY PLAN.—

''(A) INITIAL CONTRIBUTION SCHEDULE.—If—

''(i) a collective bargaining agreement providing for contributions under a multiemployer plan that was in effect at the time the plan entered declining status expires, and

''(ii) after receiving one or more schedules from the plan sponsor under paragraph (1)(B), the bargaining parties with respect to such agreement fail to adopt a contribution schedule with terms consistent with the solvency plan and a schedule from the plan sponsor,

the plan sponsor shall implement the schedule described in paragraph (1)(B)(i) beginning on the date specified in subparagraph (C).

''(B) SUBSEQUENT CONTRIBUTION SCHEDULE.—If—

''(i) a collective bargaining agreement providing for contributions under a multiemployer plan in accordance with a schedule provided by the plan sponsor pursuant to a solvency plan (or imposed under subparagraph (A)) expires while the plan is still in declining status, and

''(ii) after receiving one or more updated schedules from the plan sponsor under paragraph (5)(B), the bargaining parties with respect to such agreement fail to adopt a contribution schedule with terms consistent with the updated solvency plan and a schedule from the plan sponsor,

then the contribution schedule applicable under the expired collective bargaining agreement, as updated and in effect on the date the collective bargaining agreement expires, shall be implemented by the plan sponsor beginning on the date specified in subparagraph (C).

''(C) DATE OF IMPLEMENTATION.—The date specified in this subparagraph is the date which is 180 days after the date on which the collective bargaining agreement described in subparagraph (A) or (B) expires.

''(7) SOLVENCY PLAN ADOPTION PERIOD.—For purposes of this section, the term 'solvency plan adoption period' means the period beginning on the date of the certification under subsection (b)(5)(A) for the initial determination year and ending on the day before the first day of the solvency attainment period.

''(i) RULES FOR OPERATION OF PLAN DURING ADOPTION AND ATTAINMENT PERIODS.—

''(1) COMPLIANCE WITH SOLVENCY PLAN.—

''(A) IN GENERAL.—A plan may not be amended after the date of the adoption of a solvency plan under subsection (h) so as to be inconsistent with the solvency plan.

''(B) SPECIAL RULES FOR BENEFIT INCREASES.—A plan may not be amended after the date of the adoption of a solvency plan under subsection (h) so as to increase benefits, including future benefit accruals, unless the increase is required by law or is a de minimis change.

''(C) SPECIAL RULES FOR INCREASES IN COMPENSATION OR CONTRIBUTION RATE.—Any increase in employee compensation or contribution rates which takes effect after the first day of the plan year in which the plan enters declining status shall not give rise to an increase in benefits or future benefit accruals under the plan.

''(2) RESTRICTION ON LUMP SUMS AND SIMILAR BENEFITS.—

''(A) IN GENERAL.—Effective on the date the notice of certification of the plan's declining status for the initial determination year under subsection (b)(5)(D) is sent, and notwithstanding section 204(g), the plan shall not pay—

''(i) any payment, in excess of the monthly amount paid under a single life annuity (plus any social security supplements described in the last sentence of section 204(b)(1)(G)), to a participant or beneficiary whose annuity starting date (as defined in section 205(h)(2)) occurs after the date such notice is sent,

''(ii) any payment for the purchase of an irrevocable commitment from an insurer to pay benefits, or

''(iii) any other payment specified by the Secretary of the Treasury by regulations,

unless it is a de minimis amount.

''(B) EXCEPTION.—Subparagraph (A) shall not apply to a benefit which under section 203(e) may be immediately distributed without the consent of the participant or to any makeup payment in the case of a retroactive annuity starting date or any similar payment of benefits owed with respect to a prior period.

''(3) SPECIAL RULES FOR PLAN ADOPTION PERIOD.—During the period beginning on the date of the certification under subsection (b)(5)(A) for the initial determination year and ending on the date of the adoption of a solvency plan—

''(A) the plan sponsor may not accept a collective bargaining agreement or participation agreement with respect to the multiemployer plan that provides for—

''(i) a reduction in the level of contributions for any participants,

''(ii) a suspension of contributions with respect to any period of service, or

''(iii) any new direct or indirect exclusion of younger or newly hired employees from plan participation,

unless the plan sponsor reasonably determines that the acceptance of such an agreement is in the best interests of participants and beneficiaries and that rejection of such

agreement would adversely affect the plan, and

''(B) no amendment of the plan which increases the liabilities of the plan by reason of any increase in benefits, any change in the accrual of benefits, or any change in the rate at which benefits become nonforfeitable under the plan may be adopted unless the amendment is required as a condition of qualification under part I of subchapter D of chapter 1 of the Internal Revenue Code of 1986 or to comply with other applicable law.''.

(C) SUSPENSION OF BENEFITS.—Section 305 of such Act (29 U.S.C. 1085), as amended by this section, is further amended—

(i) by redesignating paragraph (9) of subsection (f) (as redesignated by subsection (a)(2)) as paragraph (8) of subsection (h) (as added by subparagraph (B)), and

(ii) by moving such paragraph to the position immediately after paragraph (7) of such subsection (h).

(4) CONFORMING AMENDMENTS.—

(A) Subsection (a)(4)(D) of section 305 of such Act (29 U.S.C. 1085), as redesignated and amended by the preceding provisions of this section, is further amended by striking ''subsection (f)(9)'' and inserting ''subsection (h)(8)''.

(B) Paragraph (5) of section 305(b) of such Act (29 U.S.C. 1085(b)), as so redesignated and as amended by section 321 and the preceding provisions of this section, is further amended—

(i) by striking ''critical'' in subparagraph (A)(i)(I) and inserting ''critical or declining'',

(ii) by striking ''funding improvement or rehabilitation period'' in subparagraph (A)(i)(II) and inserting ''funding improvement, rehabilitation, or solvency attainment period'',

(iii) by striking ''funding improvement or rehabilitation plan'' in subparagraph (A)(i)(II) and inserting ''funding improvement, rehabilitation, or solvency plan'',

(iv) by striking ''endangered or critical'' in subparagraph (A)(i)(V)(bb) and inserting ''endangered, critical, or declining'',

(v) by striking ''funding improvement plan or rehabilitation'' in subparagraph (A)(iv) and inserting ''funding improvement, rehabilitation, or solvency'',

(vi) by striking ''critical'' each place it appears in subparagraph (A)(vi) and inserting ''critical or declining'',

(vii) by striking ''rehabilitation period'' in subparagraph (A)(vi) and inserting ''rehabilitation or solvency attainment period'',

(viii) by striking ''as described in subsection (f)(9)'' in subparagraph (B)(v),

(ix) by inserting ''if the plan is already in a rehabilitation period, and'' before ''if reasonable'' in subparagraph (B)(v)(I),

(x) by striking ''subsection (f)(9)'' in subparagraph (B)(v)(II) and inserting ''subsection (h)(8)'',

(xi) by striking ''endangered or critical'' both places it appears in subparagraph (D)(i) and inserting ''endangered, critical, or declining'',

(xii) by striking ''ENDANGERED OR CRITICAL'' in the heading of subparagraph (D)(ii) and inserting ''ENDANGERED, CRITICAL, OR DECLINING'',

(xiii) by striking ''endangered or critical'' in subparagraph (D)(ii) and inserting ''endangered, critical, or declining'',

(xiv) by striking ''funding improvement or rehabilitation plan'' both places it appears in subclauses (I) and (II) of subparagraph (D)(ii) and inserting ''funding improvement, rehabilitation, or solvency plan'', and

(xv) by adding at the end of subparagraph (D) the following new clause:

''(vii) NOTICE OF PROJECTION TO BE IN DECLINING STATUS IN A FUTURE PLAN YEAR.—In any case in which it is certified under subparagraph (A)(i) that a multiemployer plan will be in declining status for any of 5 succeeding plan years (but not for the current plan year), the plan sponsor shall, not later than 30 days after the date of the certification, provide notification of the projected declining status to the Pension Benefit Guaranty Corporation.''.

(C) Subparagraph (J) of section 305(h)(8) of such Act (29 U.S.C. 1085(h)(8)), as so redesignated and amended, is further amended—

(i) by striking ''CRITICAL'' in the heading and inserting ''DECLINING'', and

(ii) by striking ''shall not emerge from critical status under paragraph (4)(B),'' and inserting ''shall not emerge from declining status''.

(D) Subsection (j) of section 305 of such Act (29 U.S.C. 1085), as so redesignated and amended, is further amended—

(i) by striking ''(f)(8) or (g)'' in paragraph (1) and inserting ''(f)(8), (g), or (i)'',

(ii) by striking ''subsection (f)(9)'' in paragraph (1) and inserting ''subsection (h)(8)'',

(iii) by striking ''FUNDING IMPROVEMENT OR REHABILITATION PLAN'' in the heading of paragraph (3) and inserting ''FUNDING IMPROVEMENT, REHABILITATION, OR SOLVENCY'',

(iv) by striking ''funding improvement plan or rehabilitation plan'' both places it appears in subparagraphs (A) and (B) of paragraph (3) and inserting ''funding improvement, rehabilitation, or solvency plan'',

(v) by striking ''ENDANGERED OR CRITICAL'' in the heading of paragraph (4), as amended by subsection (a), and inserting ''ENDANGERED, CRITICAL, OR DECLINING'',

(vi) by striking ''endangered or critical'' each place it appears in paragraph (4), as so amended, and inserting ''endangered, critical, or declining'', and

(vii) by striking ''critical or endangered'' in paragraph (4) and inserting ''endangered, critical, or declining''.

(E) Subsection (k) of section 305 of such Act (29 U.S.C. 1085), as so redesignated and amended, is further amended—

(i) by striking ''or a rehabilitation plan under subsection (f)'' and inserting '', a rehabilitation plan under subsection (f), or a solvency plan under subsection (h)'',

(ii) by striking ''endangered status or a plan in critical status'' and inserting ''endangered, critical, or declining status'',

(iii) by striking ''has not agreed on a funding improvement plan or rehabilitation plan'' and inserting ''has not agreed on a funding improvement, rehabilitation, or solvency plan (whichever is applicable)'', and

(iv) by striking ''adoption of a funding improvement plan or rehabilitation plan'' and inserting ''adoption of a funding improvement, rehabilitation, or solvency plan''.

(F) Subsection (l) of section 305 of such Act (29 U.S.C. 1085), as so redesignated and amended, is further amended—

(i) by striking ''endangered status or in critical status'' in paragraph (1) and inserting ''endangered, critical, or declining status'',

(ii) by striking ''endangered or critical'' in paragraph (1) and inserting ''endangered, critical, or declining'', and

(iii) by striking ''(d) and (f)'' in paragraph (2) and inserting ''(d), (f), and (h)''.

(G) Section 101(f)(2)(B) of such Act (29 U.S.C. 1021(f)(2)(B)), as amended by this section, is amended—

(i) by striking ''305(k)'' in clause (i)(II) and inserting ''305(m)'', and

(ii) by striking ''305(k)(8)'' in clause (ii)(II) and inserting ''305(m)(8)''.

(H) Section 101(k)(1)(K) of such Act (29 U.S.C. 1021(k)(1)(K)) is amended—

(i) by striking ''critical or endangered'' and inserting ''endangered, critical, or declining'', and

(ii) by striking ''funding improvement or rehabilitation'' both places it appears and inserting ''funding improvement, rehabilitation, or solvency''.

(I) Section 103(f)(1)(B)(ii) of such Act (29 U.S.C. 1023(f)(1)(B)(ii)), as amended by this section, is amended by striking ''305(k)(2)'' and inserting ''305(m)(2)''.

(J) Section 103(f)(2)(G) of such Act (29 U.S.C. 1023(f)(2)(G)) is amended—

(i) by striking ''critical or endangered'' and inserting ''endangered, critical, or declining'', and

(ii) by striking ''funding improvement or rehabilitation'' and inserting ''funding improvement, rehabilitation, or solvency''.

(K) Section 104(d)(1)(E) of such Act (29 U.S.C. 1024(d)(1)(E)) is amended—

(i) by striking ''critical or endangered'' and inserting ''endangered, critical, or declining'', and

(ii) by striking ''funding improvement or rehabilitation'' and inserting ''funding improvement, rehabilitation, or solvency''.

(L) Section 502(a)(10) of such Act (29 U.S.C. 1132(a)(10)) is amended—

(i) by striking ''endangered or critical'' and inserting ''endangered, critical, or declining'', and

(ii) by striking ''funding improvement or rehabilitation'' each place it appears and inserting ''funding improvement, rehabilitation, or solvency''.

(M) Section 502(c)(8) of such Act (29 U.S.C. 1132(c)(8)) is amended—

(i) by striking ''funding improvement plan or rehabilitation'' in subparagraph (A) and inserting ''funding improvement, rehabilitation, or solvency'',

(ii) by striking ''endangered or critical'' in subparagraph (A) and inserting ''endangered, critical, or declining'',

(iii) by striking ''which is not in seriously endangered status'' in subparagraph (B), and

(iv) by striking ''meet the applicable benchmarks'' in subparagraph (B) and inserting ''emerge from endangered status''.

(N) Section 4233 of such Act (29 U.S.C. 1413), as amended by this section, is further amended—

(i) by striking ''305(f)(9)'' each place it appears in subsections (b)(2) and (e)(1)(A) and inserting ''305(h)(8)'', and

(ii) by striking ''305(f)(9)(E)(vi)'' in subsection (e)(2) and inserting ''305(h)(8)(E)(vi)''.

(O) Section 4233(m)(1) of such Act, as added by this Act, is amended by striking ''funding improvement or rehabilitation'' and inserting ''funding improvement, rehabilitation, or solvency''.

(P) Section 4233A(h)(4)(C) of such Act, as added by this Act, is amended by striking ''rehabilitation plan'' and inserting ''rehabilitation or solvency plan''.

(Q) Section 4233A(m)(1) of such Act, as added by this Act, is amended by striking ''funding improvement or rehabilitation'' and inserting ''funding improvement, rehabilitation, or solvency''

(R) Section 4233A(o)(1) of such Act, as added by this Act, is amended by striking ''305(k)(2)'' and inserting ''305(m)(2)''.

(S) Section 4233A(o)(12) of such Act, as added by this Act, is amended by striking ''funding improvement plan or rehabilitation'' and inserting ''funding improvement, rehabilitation, or solvency''.

(T) Section 4245 of such Act (29 U.S.C. 1426), as amended by section 112 and this section, is further amended—

(i) by striking ''305(b)(3)'' each place it appears in subsections (c)(1), (c)(2), (d)(1), and (d)(2) and inserting ''305(b)(3), or a plan in declining status, as described in section 305(b)(4)'', and

(ii) by striking ''305(f)(9)'' in subsection (f) and inserting ''305(h)(8)''.

(e) ADJUSTMENT OF BENEFITS.—

(1) IN GENERAL.—Section 305 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1085), as amended by this section, is further amended—

(A) by further redesignating subsections (m) and (n), as redesignated by subsection (d), as subsections (n) and (o), respectively,

(B) by redesignating paragraph (8) of subsection (f), as redesignated by subsection (a)(2), as subsection (m), and

(C) by moving such subsection to the position immediately after subsection (l).

(2) CLERICAL AND CONFORMING AMENDMENTS.—

(A) The heading of subsection (m) of section 305 of such Act (29 U.S.C. 1085), as redesignated by paragraph (1), is amended to read as follows:

''(m) ADJUSTMENT OF BENEFITS.—''.

(B) The following provisions of such subsection (m) are amended as follows:

(i) Subparagraphs (A), (B), and (C) are redesignated as paragraphs (1), (2), and (4), respectively, and moved 2 ems to the left.

(ii) Clauses (i), (ii), (iii), and (iv) of paragraph (1) (as so redesignated) are redesignated as subparagraphs (A), (B), (C), and (D), respectively, and moved 2 ems to the left.

(iii) Subclauses (I), (II), and (III) of paragraph (1)(D) (as so redesignated) are redesignated as clauses (i), (ii), and (iii), respectively, and moved 2 ems to the left.

(iv) Clauses (i), (ii), and (iii) of paragraph (4) (as so redesignated) are redesignated as subparagraphs (A), (B), and (C), respectively, and moved 2 ems to the left, and the flush sentence at the end of subparagraph (C) (as so redesignated) is moved 2 ems to the left.

(v) Subclauses (I), (II), and (III) of paragraph (4)(A) (as so redesignated) are redesignated as clauses (i), (ii), and (iii), respectively, and moved 2 ems to the left.

(vi) Subclauses (I) and (II) of paragraph (4)(B) (as so redesignated) are redesignated as clauses (i) and (ii), respectively, and moved 2 ems to the left.

(vii) Subclauses (I), (II), and (III) of paragraph (4)(C) (as so redesignated) are redesignated as clauses (i), (ii), and (iii), respectively, and moved 2 ems to the left.

(viii) Paragraph (1)(A), as so redesignated, is amended by striking ''subparagraph (C)'' and inserting ''paragraph (4)''.

(ix) Paragraph (1)(B), as so redesignated, is amended by striking ''clause (iv)(III)'' and inserting ''subparagraph (D)(iii)''.

(x) Paragraph (1)(D), as so redesignated, is amended by striking ''this paragraph'' and inserting ''this subsection''.

(xi) Paragraph (2), as so redesignated, is amended—

(I) by striking ''subparagraph (A)(iv)(III)'' and inserting ''paragraph (1)(D)(iii)'', and

(II) by striking ''this paragraph'' and inserting ''this subsection''.

(xii) Paragraph (4)(A), as so redesignated, is amended by striking ''subparagraph (A)'' and inserting ''paragraph (1)''.

(xiii) Paragraphs (4)(B) and (4)(C), as so redesignated, are each amended by striking ''clause (i)'' each place it appears and inserting ''subparagraph (A)''.

(xiv) The last sentence of paragraph (4)(C), as so redesignated, is amended—

(I) by striking ''subclause (I)'' and inserting ''clause (i)'', and

(II) by striking ''this subparagraph'' and inserting ''this paragraph''.

(3) APPLICATION TO ALL PLANS IN ENDANGERED, CRITICAL, OR DECLINING STATUS.—

(A) IN GENERAL.—Subparagraph (A) of section 305(m)(1) of such Act (29 U.S.C. 1085(m)(1)), as redesignated and amended by this section, is further amended—

(i) by striking ''the plan sponsor shall'' and inserting ''the plan sponsor of a multiemployer plan in endangered, critical, or declining status may'', and

(ii) by striking ''paragraph (1)(B)(i)'' and inserting ''subsection (d)(1)(B), (f)(1)(B), or (h)(1)(B), whichever is applicable''.

(B) CONFORMING AMENDMENTS.—Subparagraph (B) of section 305(m)(1) of such Act (29 U.S.C. 1085(m)(1)), as redesignated and amended by this section, is further amended by striking ''critical'' both places it appears and inserting ''endangered, critical, or declining''.

(4) ADDITIONAL ADJUSTABLE BENEFITS.—

(A) IN GENERAL.—Subparagraph (D) of section 305(m)(1) of such Act (29 U.S.C. 1085(m)(1)), as redesignated by this section, is amended—

(i) by inserting '', including early reduction factors which are not provided on an actuarially equivalent basis,'' after ''(i))'' in clause (ii), as so redesignated,

(ii) by striking ''and'' at the end of clause (ii) (as so redesignated),

(iii) by striking ''that would not be eligible'' and all that follows through the period in clause (iii) (as so redesignated) and inserting ''which were adopted (or, if later, took effect) less than 120 months before the first day of the first plan year in which the plan was in endangered, critical, or declining status,'', and

(iv) by adding at the end the following new clauses:

''(iv) any one-time bonus payment or 'thirteenth check' provision, and

''(v) benefits granted for periods of service prior to participation in the plan.''.

(B) CONFORMING AMENDMENTS.—

(i) Subparagraph (B) of section 305(m)(1) of such Act (29 U.S.C. 1085), as redesignated and amended by this section, is further amended by striking ''subparagraph (D)(iii)'' and inserting ''clause (iii), (iv), or (v) of subparagraph (D)''.

(ii) Paragraph (2) of section 305(m) of such Act (29 U.S.C. 1085), as amended by paragraph (2)(B), is further amended by striking ''paragraph (1)(D)(iii)'' and inserting ''clause (iii), (iv), or (v) of paragraph (1)(D)''.

(iii) Section 4233A(o)(1) of such Act, as added by this Act and as amended by this section, is further amended by striking ''305(m)(2)'' and inserting ''305(n)(2)''.

(5) RULES RELATING TO SUSPENSION OF BENEFITS UPON RETURN TO WORK.—Subsection (m) of section 305 of such Act (29 U.S.C. 1085), as redesignated and amended by this section, is further amended by inserting after paragraph (2) the following new paragraph:

''(3) RULES RELATING TO SUSPENSION OF BENEFITS UPON RETURN TO WORK.—The plan sponsor of a multiemployer plan in endangered, critical, or declining status may amend rules regarding the suspension of a participant's benefits upon a return to work after commencement of benefits, or the commencement of benefits after normal retirement age (including in the case of continued employment after normal retirement age). Any such changes shall apply only to future payments of benefits.''.

(6) ADDITIONAL CONFORMING AMENDMENTS.—

(A) Clause (iii) of section 305(b)(5)(D) of such Act (29 U.S.C. 1085(b)(5)(D)), as redesignated and amended by this section, is further amended—

(i) by striking ''CRITICAL'' in the heading and inserting ''ENDANGERED, CRITICAL, OR DECLINING'',

(ii) by striking ''critical status'' both places it appears and inserting ''endangered, critical, or declining status'', and

(iii) by striking ''subsection (f)(8)'' in subclause (I) and inserting ''subsection (m)(1)(D)''.

(B) Subsection (j) of section 305 of such Act (29 U.S.C. 1085), as amended by subsection (d), is further amended by striking ''(f)(8), (g), or (i)'' and inserting ''(e), (g), (i), or (m)''.

(C) Section 101(f)(2)(B) of such Act (29 U.S.C. 1021(f)(2)(B)), as amended by this section, is amended—

(i) by striking ''305(m)'' in clause (i)(II) and inserting ''305(n)'', and

(ii) by striking ''305(m)(8)'' in clause (ii)(II) and inserting ''305(n)(8)''.

(D) Section 103(f)(1)(B)(ii) of such Act (29 U.S.C. 1023(f)(1)(B)(ii)), as amended by this section, is amended by striking ''305(m)(2)'' and inserting ''305(n)(2)''.

(f) ELECTIONS TO BE IN CRITICAL OR ENDANGERED STATUS.—

(1) IN GENERAL.—Paragraph (6) of section 305(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1085(b)), as redesignated and amended by this section, is further amended—

(A) by striking ''is not in critical status'' in subparagraph (A) and inserting ''is not in critical or declining status'',

(B) by striking ''but that is projected'' in subparagraph (A) and inserting ''but—

''(i) that is projected'',

(C) by striking ''5 plan years may, not later than'' in subparagraph (A) and inserting ''5 plan years, or

''(ii) that is in endangered status and is not reasonably projected to be able to emerge from endangered status within the funding improvement period under the funding improvement plan in effect,

may, not later than'', and

(D) by striking ''under paragraph (3)'' in subparagraph (B) and inserting ''under paragraph (3) or for endangered status under paragraph (2)''.

(2) ELECTION TO BE IN ENDANGERED STATUS.—Subsection (b) of section 305 of such Act (29 U.S.C. 1085), as so redesignated and amended, is further amended by adding at the end the following new paragraph:

''(8) ELECTION TO BE IN ENDANGERED STATUS.—Notwithstanding paragraph (2)—

''(A) the plan sponsor of a multiemployer plan that is not in endangered, critical, or declining status for a plan year but that is projected by the plan actuary, pursuant to the determination under paragraph (5), to be in endangered status in any of the 5 succeeding plan years, may, not later than 30 days after the date of the certification under paragraph (5)(A), elect to be in endangered status effective for the current plan year,

''(B) the plan year in which the plan sponsor elects to be in endangered status under subparagraph (A) shall be treated for purposes of this section as the first year in which the plan is in endangered status, regardless of the date on which the plan first satisfies the criteria for endangered status under paragraph (2), and

''(C) a plan that is in endangered status under this paragraph shall not emerge from endangered status unless the plan's actuary certifies under paragraph (5)(A) that the plan is no longer in endangered status and is not in critical or declining status.''.

(g) AMENDMENTS RELATING TO FUNDING IMPROVEMENT PLAN.—

(1) IN GENERAL.—Paragraph (1) of section 305(d) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1085(d)), as redesignated and amended by this section, is further amended—

(A) by striking the last sentence, and

(B) in subparagraph (B), by striking ''funding improvement plan—'' and all that follows and inserting ''funding improvement plan, shall provide to the bargaining parties 1 or more schedules showing revised benefit structures, revised contribution structures, or both, which, if adopted, may reasonably be expected to enable the multiemployer plan to meet the requirements of paragraph (3), including—

''(i) one default proposal under which—

''(I) all adjustable benefits in the form of early retirement subsidies (including early reduction factors which are not provided on an actuarially equivalent basis) under the plan are eliminated, and

''(II) the future monthly benefit accrual rate under the plan is reduced to the equivalent of 1 percent of annual contributions (or, if lower, the accrual rate as of the date of the enactment of the Chris Allen Multiemployer Pension Recapitalization and Reform Act of 2020) based on the contribution rate in effect as of the first day of the plan year in which the plan enters endangered status, and which may also include reduction or elimination of any other adjustable benefits under the plan, and

''(ii) any additional schedules which reduce or eliminate adjustable benefits under the plan which the plan sponsor deems appropriate to provide as an alternative to the default proposal.''.

(2) FUNDING IMPROVEMENT PLAN.—Paragraph (3) of section 305(d) of such Act (29 U.S.C. 1085(d)), as so redesignated and amended, is further amended—

(A) by striking ''For purposes of this section—'' and all that follows through ''which consists of'' in subparagraph (A) and inserting ''For purposes of this section, a funding improvement plan is a plan which consists of'', and

(B) by striking ''formulated to provide'' and all that follows and inserting ''formulated, based on reasonably anticipated experience and reasonable actuarial assumptions, to—

''(A) enable the plan to emerge from endangered status by the end of the funding improvement period, and

''(B) avoid any accumulated funding deficiencies during the funding improvement period (taking into account any extension of amortization periods under section 304(d)).''.

(3) FUNDING IMPROVEMENT PERIOD.—Paragraph (4) of section 305(d) of such Act (29 U.S.C. 1085(d)(4)), as so redesignated and amended, is further amended by striking subparagraph (B) and inserting after subparagraph (A) the following new subparagraph:

''(B) NEW PERIOD BASED ON ADVERSE EXPERIENCE.—

''(i) IN GENERAL.—If the plan's actuary determines necessary based on adverse plan experience, the plan sponsor may provide for a new 10-year period as of the first day of any plan year in the original funding improvement period, but only if the plan is still projected to meet the requirements of the funding improvement plan and emerge from endangered status at the end of the new funding improvement period.

''(ii) LIMITATION.—A plan sponsor may provide a new 10-year period under clause (i) not more than 1 time in any 20-consecutive-year period, unless the plan sponsor submits to the Secretary an application for an additional new period. Such application shall include a certification that the plan is projected to emerge from endangered status in the proposed new 10-year period and a description of key assumptions, to be specified in regulations promulgated by the Secretary in consultation with the Pension Benefit Guaranty Corporation.''.

(4) CONFORMING AMENDMENTS.—

(A) Subparagraph (C) of section 305(d)(4) of such Act (29 U.S.C. 1085(d)(4)), as so redesignated and amended, is further amended—

(i) by striking ''critical status'' both places it appears in clauses (i) and (ii) and inserting ''critical or declining status'',

(ii) by striking ''rehabilitation period'' in clause (ii) and inserting ''rehabilitation or solvency attainment period'', and

(iii) by striking ''CRITICAL STATUS'' in the heading of clause (ii) and inserting ''CRITICAL OR DECLINING STATUS''.

(B) Subsection (d) of section 305 of such Act (29 U.S.C. 1085), as so redesignated and amended, is further amended by striking paragraph (5) and by redesignating paragraphs (6), (7), and (8) as paragraphs (5), (6), and (7), respectively.

(C) Paragraph (6) of section 305(d) of such Act (29 U.S.C. 1085(d)), as so redesignated, is amended—

(i) by striking ''(1)(B)(i)(I)'' in subparagraph (A) and inserting ''(1)(B)(i)'', and

(ii) by striking ''paragraph (6)(B)'' in subparagraph (B)(ii) and inserting ''paragraph (5)(B)''.

(D) Paragraph (2) of section 305(d) of such Act (29 U.S.C. 1085(d)), as so redesignated, is amended by inserting '', except that the next update of the funding improvement plan shall fulfill the requirement of paragraph (1)(B)(i)'' after ''for a preceding plan year''.

(h) AMENDMENTS RELATING TO REHABILITATION PLAN.—

(1) IN GENERAL.—Paragraph (1) of section 305(f) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1085(f)), as redesignated and amended by this section, is further amended—

(A) by striking the last 2 sentences, and

(B) in subparagraph (B), by striking ''rehabilitation plan—'' and all that follows and inserting ''rehabilitation plan, shall provide to the bargaining parties 1 or more schedules showing revised benefit structures, revised contribution structures, or both, which, if adopted, may reasonably be expected to enable the multiemployer plan to meet the requirements of paragraph (3), including—

''(i) one default proposal under which—

''(I) all adjustable benefits in the form of early retirement subsidies (including early reduction factors which are not provided on an actuarially equivalent basis) under the plan are eliminated, and

''(II) the future monthly benefit accrual rate under the plan is reduced to the equivalent of 1 percent of annual contributions (or, if lower, the accrual rate as of the date of the enactment of the Chris Allen Multiemployer Pension Recapitalization and Reform Act of 2020) based on the contribution rate in effect as of the first day of the plan year in which the plan enters critical status, and which may also include reduction or elimination of any other adjustable benefits under the plan, and

''(ii) any additional schedules which reduce or eliminate adjustable benefits under the plan which the plan sponsor deems appropriate to provide as an alternative to the default proposal.

In the case of a plan adopting a rehabilitation plan described in paragraph (3)(A)(ii), no schedule provided to or adopted by the bargaining parties shall provide for a monthly benefit accrual rate in excess of the rate described in subparagraph (B)(i)(II).''.

(2) REHABILITATION PLAN.—

(A) IN GENERAL.—Subparagraph (A) of section 305(f)(3) of such Act (29 U.S.C. 1085(f)(3)), as so redesignated, is amended—

(i) by striking ''and may include'' and all that follows through ''such actions'' in clause (i),

(ii) by inserting '', while delaying insolvency for as long as possible and maximizing the income of the plan, including income after insolvency'' before the period in clause (ii), and

(iii) by striking ''(1)(B)(i)'' in the last sentence and inserting ''(1)(B)''.

(B) CONFORMING AMENDMENTS.—Clause (i) of section 305(f)(3)(C) of such Act (29 U.S.C. 1085(f)(3)(C)), as so redesignated, is amended—

(i) by striking ''(1)(B)(i)'' in subclause (II) and inserting ''(1)(B)'', and

(ii) by striking ''the last sentence of paragraph (1)'' and inserting ''paragraph (1)(B)(i)''.

(3) REHABILITATION PERIOD.—

(A) IN GENERAL.—Subparagraph (A) of section 305(f)(4) of such Act (29 U.S.C. 1085(f)(4)), as so redesignated and amended, is further amended—

(i) by striking ''The rehabilitation period'' and inserting ''Except as otherwise provided in this subparagraph, the rehabilitation period'', and

(ii) by adding at the end the following: ''If, upon exhaustion of all reasonable measures, the plan is not reasonably expected to emerge from critical status by the end of such 10-year period, the rehabilitation period shall be extended to take into account the projected date of emergence from critical status (if the rehabilitation plan remained in effect until such date) or the projected date of insolvency (if applicable) (unless the plan enters declining status).''.

(B) EMERGENCE FROM CRITICAL STATUS.—Subparagraph (B) of section 305(f)(4) of such Act (29 U.S.C. 1085(f)(4)), as so redesignated and amended, is further amended—

(i) by inserting ''and is not in declining status,'' after the comma in clause (i)(I),

(ii) by striking subclause (III) of clause (i) and inserting the following:

''(III) the plan's projected funded percentage as of the first day of the 15th succeeding plan year is at least 100 percent and is projected to increase after such date.'',

(iii) by striking ''that—'' and all that follows through ''regardless of whether'' in clause (ii)(I) and inserting ''that the plan meets the requirements of subclauses (II) and (III) of clause (i), regardless of whether'', and

(iv) by striking ''unless—'' and all that follows in clause (ii)(II) and inserting ''unless, as of such plan year, the plan fails to meet the requirements of subclause (II) or (III) of clause (i).''.

(4) RULES RELATING TO BENEFIT INCREASES DURING REHABILITATION PERIOD.—Subparagraph (B) of section 305(g)(1) of such Act (29 U.S.C. 1085(g)(1)), as so redesignated and amended, is further amended by striking ''unless'' and all that follows and inserting ''unless the amendment is required as a condition of qualification under part I of subchapter D of chapter 1 of the Internal Revenue Code of 1986 or to comply with other applicable law, or the amendment provides for only a de minimis increase in the liabilities of the plan.''.

(5) CONFORMING AMENDMENTS.—

(A) Paragraph (6) of section 305(f) of such Act (29 U.S.C. 1085(f)), as so redesignated, is amended by striking ''the last sentence of paragraph (1)'' and inserting ''paragraph (1)(B)(i)''.

(B) Paragraph (2) of section 305(f) of such Act (29 U.S.C. 1085(f)), as so redesignated, is amended by inserting '', except that the next update of the rehabilitation plan shall fulfill the requirement of paragraph (1)(B)(i)'' after ''for a preceding plan year''.

(i) ACTUARIAL ASSUMPTIONS.—

(1) IN GENERAL.—Subsection (n) of section 305 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1085), as redesignated by subsections (a), (d), and (e), is amended—

(A) by striking ''METHOD'' in the heading and inserting ''METHOD AND ASSUMPTIONS'', and

(B) by adding at the end the following new paragraph:

''(11) ACTUARIAL ASSUMPTIONS.—

''(A) IN GENERAL.—The actuarial assumptions relied upon for purposes of this section

by a plan actuary shall be individually reasonable and, in the aggregate, shall be reasonable and (with the exception of assumptions regarding future contributions) represent the actuary's best estimate of future plan experience, within limitations prescribed by the Secretary of the Treasury. A plan actuary shall avoid conservatism or optimism in individual assumptions to the extent that they would result in a set of assumptions that is unreasonable in the aggregate.

''(B) INVESTMENT RETURNS.—The investment return assumption for projecting plan assets may differ from the actuarial valuation interest rate. In selecting the investment return assumption for projecting plan assets, the plan actuary shall estimate the expected return of the plan's investments as currently invested and as expected to be invested in the future, consistent with the plan's adopted investment policy, if applicable. It is reasonable for an actuary to expect that the plan's investment decisions will consider risk, expected returns over time, and expected future benefit payments. The investment return assumption shall not exceed the interest rate used to determine past service liability under section 431(b)(6).

''(C) CONTRIBUTIONS.—

''(i) IN GENERAL.—The plan actuary shall develop assumptions for the projection of future contributions, including assumptions regarding industry activity among contributing employers and contribution rates, based on information provided by the plan sponsor, which must act reasonably and in good faith. The plan actuary shall certify the reasonableness of all assumptions.

''(ii) PROJECTED INDUSTRY ACTIVITY.—Any projection of activity in the industry or industries covered by the plan, including future covered employment and contribution levels, shall be based on information provided by the plan sponsor acting reasonably and in good faith.

''(iii) FUTURE CONTRIBUTION BASE UNITS.—

''(I) DECLINING CONTRIBUTION BASE UNITS.—If recent experience of the plan has been declining contribution base units, the plan actuary may assume future contribution base units will continue to decline at the same annualized trend as over the 5 immediately preceding plan years, unless the actuary determines that there have been significant changes that would make such assumption unreasonable.

''(II) FLAT OR INCREASING CONTRIBUTION BASE UNITS.—If recent experience of the plan has been increasing, or neither increasing nor decreasing, contribution base units, the plan actuary may assume future contribution base units will remain unchanged indefinitely, unless the actuary determines that there have been significant changes that would make such assumption unreasonable.

''(iv) FUTURE CONTRIBUTION RATES.—

''(I) IN GENERAL.—Projections of contributions shall be based on the contribution rates consistent with the terms of collective bargaining and participation agreements currently in effect.

''(II) FUTURE INCREASES IN ACCORDANCE WITH CORRECTION PLANS.—If reasonable and applicable, the plan actuary may assume future increases in contribution rates consistent with the adopted funding improvement plan, rehabilitation plan, or solvency plan.

''(III) ADDITIONAL FACTORS.—Information provided by the plan sponsor to the plan actuary in setting the assumption regarding future increases in contribution rates shall take into account the ability of the participating employers to make contributions at the scheduled rates over time, considering relevant factors such as projected industry activity, the financial strength of participating employers, market competition, and the scheduled contribution rate to the plan relative to the overall wage package.

''(D) ASSUMPTIONS FOR DEVELOPING SCHEDULES.—All schedules under any funding improvement plan, rehabilitation plan, or solvency plan must be developed based on the same set of actuarial assumptions unless it would be unreasonable to do so, taking into account the anticipated impact of the schedules on participant behavior and employer participation.''.

(2) ADDITIONS TO FORM 5500 SCHEDULE MB.—Subparagraph (B) of section 305(b)(5) of such Act (29 U.S.C. 1085(b)(5)), as redesignated and amended by this section, is further amended by adding at the end the following new clause:

''(vi) ADDITIONAL ATTACHMENTS.—The plan actuary shall attach to the certification required under subparagraph (A)—

''(I) documentation supporting the certification of status under subparagraph (A)(i), including projections of the funding standard account, funded percentage, and solvency of the plan,

''(II) a clear description of the key assumptions used in performing the projections, including investment returns, contribution base units, and contribution rates,

''(III) a 5-year history of contributions, including contribution base units, average contribution rates, and withdrawal liability payments, and a comparison of such contribution base units, rates, and payments to projections made by the plan, and

''(IV) an alternate projection of the funding standard account, funded percentage, and solvency, based on the following assumptions:

''(aa) Annual future investment returns on plan assets equal the actuarial interest rate assumption minus 1 percent.

''(bb) Future contribution base units projected using a trend equal to the lesser of—

''(AA) the annualized trend of actual contribution base units over the 5 preceding plan years, and

''(BB) no change in future contribution base units.

''(cc) No increases in future contribution rates beyond those consistent with the collective bargaining agreements and participation agreements in effect for the plan year.

''(dd) The withdrawal from the plan of the employer which has contributed the greatest total amount of contributions over the 5 preceding plan years, if such employer has contributed at least 10 percent of the total contributions to the plan over such 5 plan years and such employer has a below investment grade credit rating (but only if obtaining the credit rating of such employer is not an undue burden).

''(ee) If such credit rating cannot be obtained without undue burden, the withdrawal of the employer which has contributed the greatest total amount of contributions over the 5 preceding plan years, if such employer has contributed at least 10 percent of the total contributions to the plan over such 5 plan years without regard to collection of any withdrawal liability.

''(ff) If no employer has contributed at least 10 percent of the total contributions to the plan over the 5 preceding plan years, the withdrawal of the employer which contributed the greatest total amount of contributions for the current plan year, without regard to collection of any withdrawal liability, unless the employer contributed less than 1 percent of the total contributions to the plan for such plan year.

''(gg) Other assumptions consistent with the projection based on the actuary's best estimate assumptions.''.

(3) CONFORMING AMENDMENTS.—

(A) Section 305(b)(5)(B)(i) of such Act (29 U.S.C. 1085(b)(5)(B)(i)), as redesignated by this section, is amended by striking ''assumptions'' and inserting ''assumptions meeting the requirements of subsection (n)(11)''.

(B) Section 305(b)(5)(A)(vi) of such Act (29 U.S.C. 1085(b)(5)(A)(vi), as amended by this section and section 321, is further amended by striking ''reasonable actuarial assumptions'' and inserting ''assumptions meeting the requirements of subsection (n)(11)''.

(C) Paragraph (3) of section 305(d) of such Act (29 U.S.C. 1085(d)), as amended by subsection (g), is further amended by striking ''reasonable actuarial assumptions'' and inserting ''assumptions meeting the requirements of subsection (n)(11)''.

(D) Clause (i) of section 305(f)(3)(A) of such Act (29 U.S.C. 1085(f)(3)(A)), as amended by subsection (h), is further amended by striking ''reasonable actuarial assumptions'' and inserting ''assumptions meeting the requirements of subsection (n)(11)''.

(E) Section 305(h)(3) of such Act (29 U.S.C. 1085(h)(3)), as added by subsection (d), is amended by striking ''reasonable actuarial assumptions'' and inserting ''assumptions meeting the requirements of subsection (n)(11)''.

(j) CONFORMING AMENDMENTS RELATING TO PREMIUMS.—Paragraph (10) of section 4006(a) of such Act (29 U.S.C. 1306(a)), as added by this Act, is amended—

(1) by striking ''305(b)(7)'' in subparagraph (B)(iii) thereof and inserting ''305(b)(4)'',

(2) by striking ''critical and declining'' in subparagraph (B)(iii) thereof and inserting ''declining'', and

(3) by striking ''305(f)(9)'' in subparagraph (C) and inserting ''305(h)(8)''.

(k) CONFORMING AMENDMENTS RELATING TO COMPOSITE AND LEGACY PLANS.—

(1) Sections 203(a)(3)(E)(ii), 204(b)(1)(B)(i), 204(b)(1)(H)(v), and 204(g)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(a)(3)(E)(ii), 1054(b)(1)(B)(i), 1054(b)(1)(H)(v), and 1054(g)(1)), as amended by title V, are each further amended by striking ''305(f)'' each place it appears and inserting ''305(h)(8)''.

(2) Sections 304(b)(10), 805(d)(2)(D), and 805(d)(4) of such Act, as added by title V, are each amended by striking ''endangered or critical'' and inserting ''endangered, critical, or declining''.

(3) Section 801(b)(1) of such Act, as so added, is amended by striking ''endangered or critical'' both places it appears and inserting ''endangered, critical, or declining''.

(4) Sections 801(b)(1), 801(b)(5)(B), 805(b)(1)(A), and 805(e)(3) of such Act, as so added, are each amended by striking ''305(b)(4)'' and inserting ''305(b)(5)''.

(5) Sections 801(b)(5)(B) and 805(b)(1)(A) of such Act, as so added, are each amended by striking ''endangered or critical'' and inserting ''endangered, critical, or declining''.

(6) Section 802(b)(1) of such Act, as so added, is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting ''; and'', and by adding at the end the following new subparagraph:

''(D) consistent with the principles of subparagraphs (B), (C), and (D) of section 305(n)(11).''.

(7) Sections 802(b)(5) and 805(d)(2)(A) of such Act, as so added, are each amended by striking ''305(b)(4)(B)'' and inserting ''305(b)(5)(B)''.

(8) Section 803(a)(2)(D) of such Act, as so added, is amended by striking ''305(f)(9)(D)(vi)'' and inserting ''305(h)(8)(D)(vi)''.

(9) Section 803(a)(3) of such Act, as so added, is amended by striking ''305(f)(8)'' and inserting ''305(m)(1)(D)''.

(10) Section 805(d)(2)(D) of such Act, as so added and amended, is further amended by striking ''funding improvement or rehabilitation plan'' and inserting ''funding improvement, rehabilitation, or solvency plan''.

(l) ADDITIONAL CONFORMING AMENDMENTS.—

(1) Section 502(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1132(c)) is amended—

(A) in paragraph (7)(B), as added by section 322, by striking ''305(b)(4)(D)'' and inserting ''305(b)(5)(D)'', and

(B) in paragraph (14), as so added and as redesignated by section 501—

(i) by striking ''305(b)(4)(D)'' in subparagraph (A) and inserting ''305(b)(5)(D)'', and

(ii) by striking ''305(b)(4)'' in subparagraph (B) and inserting ''305(b)(5)''.

(2) Section 4003(g) of such Act (29 U.S.C. 1303(g)), as added by section 321, is amended by striking ''section 305(b)(4)(A)'' and inserting ''section 305(b)(5)(A)''.

(3) Section 4042(b)(2)(B)(i) of such Act (29 U.S.C. 1342(b)(2)(B)), as added by section 301, is amended—

(A) by striking ''critical and declining'' and inserting ''declining'', and

(B) by striking ''(7)'' and inserting ''(4)''.

(m) EFFECTIVE DATE.—Except as otherwise provided in subsection (a)(7), the amendments made by this section shall apply to plan years beginning after December 31, 2020.

(n) CREDIT RATINGS.—No requirement of section 939 or 939A of the Dodd-Frank Wall Street Reform and Consumer Protection Act (124 Stat. 1887; 15 U.S.C. 78o–7 note) shall apply with respect to the amendment made by subsection (i)(2).

SEC. 213. TRANSITION RULES.

(a) PLANS IN ENDANGERED STATUS.—

(1) IN GENERAL.—In the case of a multiemployer plan which is in endangered status as of the date of the enactment of this Act, and is on schedule as of such date to meet the applicable benchmarks in accordance with the plan's funding improvement plan—

(A) ELECTION TO APPLY LAW BEFORE AMENDMENT.—The plan sponsor may elect to remain in endangered status and to apply section 432 of the Internal Revenue Code of 1986 and section 305 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1085) as in effect before January 1, 2021, to the plan, but only if the plan continues to meet such applicable benchmarks.

(B) TRANSITIONAL EFFECTIVE DATE.—If the plan sponsor does not make the election under paragraph (1)—

(i) section 432 of such Code and section 305 of such Act as in effect on January 1, 2021, shall apply to such plan as of the first day of the first plan year beginning after December 31, 2020, and

(ii) section 432(d)(1)(B)(i)(II) of such Code and section 305(d)(1)(B)(i)(II) of such Act, as amended by sections 211(g) and 212(g), respectively, shall each apply to such plan by substituting ''the date of the enactment of the Chris Allen Multiemployer Pension Recapitalization and Reform Act of 2020'' for ''the first day of the plan year in which the plan enters endangered status''.

In the case of any plan with respect to which the plan sponsor makes the election under subparagraph (A) but which fails to continue to meet the applicable benchmarks under the funding improvement plan, this subparagraph shall apply to such plan by substituting ''the plan year after the first plan year for which the plan fails to meet the applicable benchmarks'' for ''the first plan year beginning after December 31, 2020''.

(2) PLANS ENTERING ENDANGERED STATUS BETWEEN ENACTMENT AND JANUARY 1, 2021.—In the case of a multiemployer plan which enters endangered status after the date of the enactment of this Act and before January 1, 2021—

(A) section 432 of such Code and section 305 of such Act as in effect on January 1, 2021, shall apply to such plan as if already in effect, and

(i) section 432(d)(1)(B)(i)(II) of such Code and section 305(d)(1)(B)(i)(II) of such Act, as amended by sections 211(g) and 212(g), respectively, shall each apply to such plan by substituting ''the date of the enactment of the Chris Allen Multiemployer Pension Recapitalization and Reform Act of 2020'' for ''the first day of the plan year in which the plan enters endangered status''.

(b) PLANS IN CRITICAL OR CRITICAL AND DECLINING STATUS.—

(1) IN GENERAL.—In the case of a qualified critical multiemployer plan—

(A) ELECTION TO APPLY LAW BEFORE AMENDMENT.—The plan sponsor may elect to remain in critical or critical and declining status and to apply section 432 of the Internal Revenue Code of 1986 and section 305 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1085) as in effect before January 1, 2021, to the plan, but only if the plan continues to make scheduled progress under the plan's rehabilitation plan.

(B) TRANSITIONAL EFFECTIVE DATE.—If the plan sponsor does not make the election under paragraph (1)—

(i) section 432 of such Code and section 305 of such Act as in effect on January 1, 2021, shall apply to such plan as of the first day of the first plan year beginning after December 31, 2020,

(ii) section 432(f)(1)(B)(i)(II) of such Code and section 305(f)(1)(B)(i)(II) of such Act, as amended by sections 211(h) and 212(h), respectively, shall each apply to such plan by substituting ''the date of the enactment of the Chris Allen Multiemployer Pension Recapitalization and Reform Act of 2020'' for ''the first day of the plan year in which the plan enters critical status'', and

(iii) section 432(h)(1)(B)(i)(II) of such Code and section 305(h)(1)(B)(i)(II) of such Act, as amended by sections 211(d)(3) and 212(d)(3), respectively, shall each apply to such plan by substituting ''the date of the enactment of the Chris Allen Multiemployer Pension Recapitalization and Reform Act of 2020'' for ''the first day of the plan year in which the plan enters declining status''.

In the case of any plan with respect to which the plan sponsor makes the election under subparagraph (A) but which fails to continue to make scheduled progress under the rehabilitation plan, this subparagraph shall apply to such plan by substituting ''the plan year after the first plan year for which the plan fails to make scheduled progress under the rehabilitation plan'' for ''the first plan year beginning after December 31, 2020''.

(C) APPLICATION OF PREMIUM AMENDMENTS.—A plan with respect to which the plan sponsor makes the election under subparagraph (A) shall be treated as described in clause (iii) of section 4006(a)(10)(B) of the Employee Retirement Income Security Act of 1974 until such time as the plan emerges from critical and declining status pursuant to section 432 of such Code and section 305 of such Act as in effect before January 1, 2021.

(2) PLANS ENTERING CRITICAL OR CRITICAL AND DECLINING STATUS BETWEEN ENACTMENT AND JANUARY 1, 2021.—In the case of a multiemployer plan which enters critical or critical and declining status after the date of the enactment of this Act and before January 1, 2021—

(A) section 432 of such Code and section 305 of such Act as in effect on January 1, 2021, shall apply to such plan as if already in effect,

(B) section 432(f)(1)(B)(i)(II) of such Code and section 305(f)(1)(B)(i)(II) of such Act, as amended by sections 211(h) and 212(h), respectively, shall each apply to such plan by substituting ''the date of the enactment of the Chris Allen Multiemployer Pension Recapitalization and Reform Act of 2020'' for ''the first day of the plan year in which the plan enters critical status'', and

(C) section 432(h)(1)(B)(i)(II) of such Code and section 305(h)(1)(B)(i)(II) of such Act, as amended by sections 211(d)(3) and 212(d)(3), respectively, shall each apply to such plan by substituting ''the date of the enactment of the Chris Allen Multiemployer Pension Recapitalization and Reform Act of 2020'' for ''the first day of the plan year in which the plan enters declining status''.

(3) QUALIFIED CRITICAL MULTIEMPLOYER PLAN.—For purposes of this subsection, the term ''qualified critical multiemployer plan'' means a multiemployer plan which is in critical or critical and declining status as of the date of the enactment of this Act, and is making scheduled progress under the plan's rehabilitation plan, but only if the rehabilitation plan (as in effect without regard to the amendments made by this Act) targets emergence from critical status not later than 3 years after the end of the rehabilitation period as in effect with respect to such plan on the date of the enactment of this Act.

(c) ELECTION.—

(1) IN GENERAL.—An election under subsection (a)(1)(A) or (b)(1)(A) shall be made—

(A) by notice to the Secretary of the Treasury and the Pension Benefit Guaranty Corporation, in such manner as the Secretary of the Treasury may prescribe,

(B) not later than the due date for the notice of endangered status or critical status for the first plan year beginning after December 31, 2020.

(2) PERIODS AFTER ELECTION.—After making a timely election under paragraph (1)—

(A) the plan sponsor shall annually review and update (if necessary) the plan's funding improvement plan or rehabilitation plan, and

(B) the plan actuary shall certify annually whether the plan is making scheduled progress under the funding improvement plan or rehabilitation plan.

(d) DEFINITIONS.—Any term used in this section which is also used in section 432 of the Internal Revenue Code of 1986 or section 305 of the Employee Retirement Income Security Act of 1974 (before or after the amendments made by this Act) shall have the same meaning as when used in such sections.

PART II—PROVISIONS RELATING TO PLAN MERGERS

SEC. 221. PROVISIONS RELATING TO PLAN MERGERS AND CONSOLIDATIONS.

(a) IN GENERAL.—Section 4231(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1411(c)) is amended—

(1) by striking ''section 406(a) or section 406(b)(2)'' and inserting ''section 404, 406(a), or 406(b)(2)'', and

(2) by adding at the end the following: ''The corporation shall prescribe safe harbor provisions whereby a merger of multiemployer plans or the transfer of assets or liabilities between multiemployer plans, where one of the plans is in critical and declining status pursuant to section 305 and one is in stable or unrestricted status pursuant to such section, shall be deemed to satisfy the requirements of this section. Notwithstanding the preceding sentences, the implementation of such merger or transfer shall be subject to the rules of section 404.''.

(b) CALCULATION OF WITHDRAWAL LIABILITY.—

(1) IN GENERAL.—Section 4231 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1411) is amended by adding at the end the following new subsection:

''(f) CALCULATION OF WITHDRAWAL LIABILITY POST-MERGER.—The corporation shall

prescribe the methods and conditions under which employers contributing to plans which are in stable or unrestricted status under section 305 when such plan merges with a plan in declining status under such section will not be allocated the unfunded vested benefits of the plan in declining status (as determined immediately before the merger).''.

(2) EFFECTIVE DATE.—The amendment made by this section shall apply to plan mergers after December 31, 2020.

SEC. 222. CLARIFICATION OF PBGC FINANCIAL ASSISTANCE FOR PLAN MERGERS AND PARTITIONS.

(a) IN GENERAL.—Paragraph (2) of section 4231(e) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1411(e)) is amended—

(1) by striking the semicolon in subparagraph (B)(ii) and inserting '', determined solely with respect to the liabilities and assets of the plan which was in critical and declining status prior to the merger; and''; and

(2) by striking subparagraph (C) and redesignating subparagraph (D) as subparagraph (C).

(b) PARTITIONS.—Section 4233(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1413(b)) is amended by striking paragraph (4), by adding ''and'' at the end of paragraph (3)(B), and by redesignating paragraph (5) as paragraph (4).

(c) CONFORMING AMENDMENT RELATING TO STATUS CHANGES.—Section 4231(e)(2)(B)(ii) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1411(e)(2)(B)(ii)), as amended by subsection (a), is further amended by striking ''critical and declining'' and inserting ''declining''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by subsections (a) and (b) shall apply to plan mergers and partitions taking effect after the date of the enactment of this Act.

(2) CONFORMING AMENDMENT.—The amendment made by subsection (c) shall apply to plan mergers taking effect in plan years beginning after December 31, 2020.

SEC. 223. RESTORATION NOT REQUIRED FOR CERTAIN MERGERS.

(a) AMENDMENT OF INTERNAL REVENUE CODE OF 1986.—Clause (ii) of section 432(f)(9)(C) of the Internal Revenue Code of 1986, as redesignated by section 211(a) and as in effect before the amendments made by section 211 other than subsection (a) thereof, is amended by adding at the end the following flush language:

''If, during the period of the benefit suspension, the plan merges with a plan which is in stable or unrestricted status, nothing in this clause shall be construed to require the plan formed by the merger to restore the suspension of benefits.''.

(b) AMENDMENT OF ERISA.—Clause (ii) of section 305(f)(9)(C) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1085(f)(9)(C)), as redesignated by section 212(a) and as in effect before the amendments made by section 212 other than subsection (a) thereof, is amended by adding at the end the following flush language:

''If, during the period of the benefit suspension, the plan merges with a plan which is in stable or unrestricted status, nothing in this clause shall be construed to require the plan formed by the merger to restore the suspension of benefits.''.

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall apply to plan mergers taking effect after the date of the enactment of this Act.

PART III—WITHDRAWAL LIABILITY REFORM

SEC. 231. WITHDRAWAL LIABILITY REFORM.

(a) WITHDRAWAL LIABILITY DEFINITION.—Section 4201(b)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1381(b)(1)) is amended to read as follows:

''(1) DETERMINATION OF WITHDRAWAL LIABILITY.—

''(A) IN GENERAL.—The withdrawal liability of an employer to a plan is the applicable amount determined under subparagraph (B), adjusted—

''(i) first, in the case of a partial withdrawal, in accordance with section 4206;

''(ii) second, by any de minimis reduction applicable under section 4209; and

''(iii) third, in accordance with section 4225.

''(B) APPLICABLE AMOUNT.— The applicable amount determined under this subparagraph is the lesser of—

''(i) the amount determined under section 4211 to be the allocable amount of unfunded vested benefits; or

''(ii) the present value of a series of 20 equal annual payments in the amount determined with respect to the employer under section 4219(c)(1)(C).

In the case of an employer withdrawing from a multiemployer plan described in subparagraph (C), clause (i) shall be applied by substituting '25' for '20'.

''(C) PLANS FOR WHICH 25 PAYMENTS REQUIRED.—

''(i) IN GENERAL.—A multiemployer plan is described in this subparagraph if the plan—

''(I) is certified to be in declining status (or, for plan years prior to 2021, in critical or declining status) for the plan year in which the employer's withdrawal occurs; or

''(II) terminates as described in section 4041A(a) or 4042.

''(ii) SPECIAL RULE FOR TERMINATIONS.—Clause (i)(II) shall apply to each employer who withdraws from a plan during a period of 3 consecutive plan years that includes the withdrawal of every employer from the plan, or the cessation of the obligation of all employers to contribute under the plan, as described in section 4041A(a)(2). For purposes of this clause, withdrawal by an employer from a plan, during a period of 3 consecutive plan years within which substantially all the employers who have an obligation to contribute under the plan withdraw, shall be presumed to be a withdrawal pursuant to an agreement or arrangement, unless the employer proves otherwise by a preponderance of the evidence.

''(D) PRESENT VALUE.—For purposes of subparagraph (B)(ii), the present value of the annual payments shall be determined based on the assumptions used for the most recent actuarial valuation for the plan used to determine unfunded past service liability for funding purposes.''.

(b) DE MINIMIS RULE.—Section 4209 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1389) is amended—

(1) in subsection (a)—

(A) in the matter preceding paragraph (1), by striking ''unfunded vested benefits allocable under section 4211 to'' and inserting ''applicable amount determined under section 4201(b)(1)(B) with respect to'';

(B) in paragraph (2), by striking ''$50,000'' and inserting ''$100,000''; and

(C) in the flush text following paragraph (2)—

(i) by striking ''the unfunded vested benefits'' and inserting ''such applicable amount''; and

(ii) by striking ''$100,000'' and inserting ''$200,000'';

(2) in subsection (b)—

(A) in the matter preceding paragraph (1), by striking ''amount determined under section 4211'' and inserting ''applicable amount determined under section 4201(b)(1)(B) with respect to an employer'';

(B) in paragraph (2)(B), by striking ''$100,000'' and inserting ''$250,000''; and

(C) in the flush text at the end—

(i) by striking ''the amount determined under section 4211 for'' and inserting ''such applicable amount with respect to''; and

(ii) by striking ''$150,000'' and inserting ''$500,000''.

(c) PAYMENT OF WITHDRAWAL LIABILITY.—Section 4219(c)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1399(c)(1)) is amended—

(1) by striking so much of paragraph (1) as precedes subparagraph (C) and inserting:

''(1)(A)(i) Subject to subparagraph (B), an employer shall pay its liability determined under section 4201(b)(1) in level annual payments determined under subparagraph (C) over the applicable period of years determined under clause (ii), calculated as if the first payment were made on the first day of the plan year following the plan year in which the withdrawal occurs and as if each subsequent payment were made on the first day of each subsequent plan year. Actual payment shall commence in accordance with paragraph (2).

''(ii) For purposes of clause (i), if the applicable amount used under section 4201(b)(1)(A) is the amount determined—

''(I) under section 4201(b)(1)(B)(i), the applicable period of years is the period of years necessary to amortize such amount in level annual payments determined under subparagraph (C), or

''(II) under section 4201(b)(1)(B)(ii), the applicable period of years is 20 years (25 years if the plan is described in section 4201(b)(1)(C)).

''(iii) For purposes of clause (ii)(I), the determination of the amortization period described in clause (i) shall be based on the assumptions used for the most recent actuarial valuation for the plan to determine unfunded past service liability for funding purposes.

''(B)(i) If any adjustment is required to the withdrawal liability amount by reason of clause (i), (ii), or (iii) of section 4210(b)(1)(A), modifications shall be made under subparagraph (A) to reflect such adjustments in accordance with this subparagraph and in such manner as the corporation shall provide.

''(ii) In the case of a partial withdrawal described in section 4205(a), the amount of each annual payment shall be the product of—

''(I) the amount determined under subparagraph (C) (determined without regard to this subparagraph), multiplied by

''(II) the fraction determined under section 4206(a)(2).

''(iii) In the case of a de minimis reduction under section 4209, the period of years described in subparagraph (A)(ii)(I) shall be adjusted so that the withdrawal liability amount, as reduced under such section, is amortized in level annual payments determined under subparagraph (C).''.

(2) in subparagraph (C)—

(A) in clause (i)(I)—

(i) by striking ''3'' and inserting ''5''; and

(ii) by striking ''10'' and inserting ''20''; and

(B) by striking clause (iii);

(3) by striking subparagraphs (D) and(E) and inserting the following:

''(D)(i) In the case of a subsequent partial withdrawal or a complete withdrawal that was preceded by one or more partial withdrawals, the amount of the annual payment with respect to the subsequent partial withdrawal or complete withdrawal shall be reduced by the amounts of the payments determined under subparagraph (B)(ii) with respect to each of the preceding partial withdrawals.

''(ii) The amount of any reductions described in clause (i) shall be phased out consistent with the method and period of time being used by the plan to allocate unfunded vested benefits under section 4211.

''(iii) The corporation may prescribe regulations as may be necessary to provide for proper adjustments in the reduction in the payment amount under clauses (i) and (ii).''.

(d) AMENDMENT OF PLAN.—Section 4211(c)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1391(c)(1)) is amended—

(1) by inserting ''(A)'' after ''(c)(1)'',

(2) by striking ''(b) or (d). A plan'' and inserting ''(b) or (d).

''(B) A multiemployer plan'', and

(3) by striking '', to the extent provided'' and all that follows and inserting ''to provide—

''(i) that the amount of the unfunded vested benefits allocable to an employer that withdraws from the plan is an amount determined under paragraph (5) of this subsection, rather than under subsection (b), or

''(ii) to the extent provided in regulations prescribed by the corporation, that the amount of the unfunded vested benefits allocable to an employer not described in section 4203(b)(1)(A) shall be determined in a manner different from that provided in subsection (b).''.

TITLE III—PLAN GOVERNANCE, DISCLOSURE, AND OTHER REFORMS FOR MULTIEMPLOYER DEFINED BENEFIT PENSION PLANS

Subtitle A—Plan Governance and Operations for Multiemployer Plans

SEC. 301. INDEPENDENT TRUSTEES.

Section 4042 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1342) is amended—

(1) in subsection (a)—

(A) in the matter preceding paragraph (1), by striking ''a plan'' and inserting ''a single-employer or multiemployer plan'';

(B) in paragraph (3)—

(i) by inserting ''with respect to a single-employer plan'' before the comma; and

(ii) by striking ''or'';

(C) in paragraph (4), by striking the period at the end and inserting '', or''; and

(D) by inserting after paragraph (4) the following:

''(5) in the case of a multiemployer plan—

''(A) such plan is an eligible multiemployer plan as defined in section 4233A which fails to apply for a special partition under such section, or

''(B) termination of the plan would protect the interests of participants and beneficiaries.'';

(2) in subsection (b)—

(A) in paragraph (2)—

(i) in subparagraph (A)—

(I) by inserting ''or remove'' after ''appoint'',

(II) by inserting ''or removal'' after ''appointment'', and

(III) by striking ''and'' at the end;

(ii) by striking subparagraph (B) and inserting the following:

''(B) upon the petition of the corporation, the appropriate United States district court shall appoint a trustee proposed by the corporation for—

''(i) any multiemployer plan which is in critical status or critical and declining status (as defined in paragraph (3) or (7), respectively, of section 305(b)), if the court finds the appointment of the trustee would help prevent an abuse of the multiemployer insurance program or any unreasonable increase in the liability of the fund, and

''(ii) any multiemployer plan which has terminated under section 4041A(a), unless a party opposing appointment of a trustee shows that such appointment would be materially adverse to the interests of the plan participants and beneficiaries in the aggregate, and''; and

(iii) by adding at the end the following:

''(C) in the case of a special partition of a plan under section 4233A, the corporation may remove and appoint trustees subject to the provisions of paragraph (5).''; and

(B) by adding at the end the following:

''(4)(A) A trustee appointed to a multiemployer plan under paragraph (2)(B), (2)(C), or (3) shall report plan activity to the corporation, in the form and manner provided for in the judicial or administrative order or agreement appointing the trustee. A trustee so appointed may remain a trustee engaged in the ongoing governance of a multiemployer plan whether or not the corporation initiates plan termination proceedings under subsection (c).

''(B) Notwithstanding plan or trust documents to the contrary, in addition to any powers described in subsection (d), the order or agreement appointing a trustee under paragraph (2)(B), (2)(C), or (3) may include authority for the corporation to monitor and oversee plan activity and to review and approve trustee decisions related to funding or financial activities of the plan.

''(5)(A) The corporation may remove any trustees of an original plan that received a special partition under section 4233A if the corporation determines that the actions of such trustees unreasonably increased the risk of loss to participants in the plan or to the corporation, and may appoint 1 or more new trustees as replacements.

''(B) The corporation may appoint a special master, which may be an employee of the corporation, the duties of whom shall be disclosed to participants and contributing employers in accordance with regulations to be issued by the corporation, with respect to each original plan, as defined in section 4233A. Such special master shall be invited to every meeting of the plan's board of trustees or any committees thereof; shall be furnished any requested actuarial or financial information by the plan or agents thereof; shall receive all creditable complaints or other information from participants, beneficiaries, employers, plan employees and contractors, and any other person regarding the plan's operations; and shall furnish the corporation with semiannual reports of the board's activities, the plan's performance, and the potential liabilities of the corporation with respect to the plan. The trustees shall provide the special master with not less than 30 days notice prior to taking any action that could increase the risk of loss to the corporation, and the special master shall report such potential action to the corporation within 5 days of receiving such notice from the trustees.'';

(3) in subsection (c)(1)—

(A) in the second sentence, by striking ''subsection (b)'' and inserting ''subsection (b)(1)''; and

(B) in the third sentence, by inserting '', including, in the case of a multiemployer plan, by requiring the withdrawal of employers'' before the period; and

(4) in subsection (d)(1)—

(A) in subparagraph (A), by striking ''subsection (b)'' in the second sentence and inserting ''subsection (b)(1)''; and

(B) in subparagraph (B), by striking ''If'' and inserting ''If a trustee is appointed under paragraph (2) or (3) of subsection (b), or if''.

SEC. 302. INVESTIGATORY AUTHORITY.

Section 4003(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1303(a)) is amended to read as follows:

''(a)(1) The corporation may, in its discretion, investigate any facts, conditions, practices, or matters as the corporation determines necessary or proper to aid in—

''(A) the enforcement of any provision of this title or any rule or regulation thereunder;

''(B) the prescribing of rules and regulations under this title; or

''(C) evaluating the corporation's liability or potential liability with respect to a plan.

''(2) Any information or documentary material submitted to the corporation pursuant to this section, if clearly designated by the person making the submission as confidential (on each page in the case of a document, and in the file name in the case of a digital file), shall be exempt from disclosure under section 552 of title 5, United States Code, and no such information or documentary material may be made public, except as may be relevant to any administrative or judicial action or proceeding, including an informal rulemaking.

''(3) The corporation may require or permit any person to submit a statement in writing, under oath or otherwise as the corporation determines, as to all facts and circumstances concerning the matter to be investigated.

''(4) The corporation shall annually audit a statistically significant number of plans terminating under section 4041(b) to determine whether participants and beneficiaries have received their benefit commitments and whether section 4050(a) has been satisfied. Each audit shall include a statistically significant number of participants and beneficiaries.''.

SEC. 303. CONDITIONS ON FINANCIAL ASSISTANCE.

(a) IN GENERAL.—Section 4261(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1431(b)) is amended—

(1) in paragraph (1), by striking the period at the end and inserting '', or to prevent an abuse of the multiemployer insurance program or any unreasonable increase in the liability of the fund. The corporation shall provide the plan sponsor written notice of each condition on financial assistance and a written explanation of its determination. If the sponsor fails to satisfy timely a condition on financial assistance, the corporation may withhold financial assistance until the condition is satisfied.''; and

(2) by adding at the end the following:

''(3) The conditions described in paragraph (1) may include an offset for the guaranteed benefits of a participant whose benefit in excess of the benefit guaranteed under this title is provided by another plan, or in the case of a plan that has not yet terminated, the cessation of future accruals or a requirement that contribution amounts or annual withdrawal liability payment amounts under section 4219 be maintained as if the employer had withdrawn on the date of insolvency.''.

(b) CONFORMING AMENDMENT.—Section 4261(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1431(a)) is amended by striking ''section 4245(f) or section 4281(d)'' and inserting ''section 4245(e) or 4281''.

SEC. 304. EXCISE TAX ON EXCESS COMPENSATION OF COVERED EMPLOYEES OF PARTITIONED MULTIEMPLOYER PLANS.

(a) IN GENERAL.—Chapter 43 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

''SEC. 4980I. TAX ON EXCESS COMPENSATION OF COVERED EMPLOYEES OF PARTITIONED MULTIEMPLOYER PLANS.

''(a) TAX IMPOSED.—In the case of an applicable multiemployer plan, there is hereby imposed an excise tax for each plan year in an amount equal to the product of—

''(1) the rate of tax under section 11 for taxable years beginning in the calendar year in which such plan year begins, and

''(2) so much of the remuneration paid by the applicable multiemployer plan for the plan year with respect to employment of any covered employee as exceeds $500,000.

For purposes of the preceding sentence, remuneration shall be treated as paid when

there is no substantial risk of forfeiture (within the meaning of section 457(f)(3)(B)) of the rights to such remuneration.

''(b) LIABILITY FOR TAX.—The applicable multiemployer plan shall be liable for the tax imposed under subsection (a).

''(c) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) APPLICABLE MULTIEMPLOYER PLAN.—The term 'applicable multiemployer plan' means any multiemployer plan which is an original plan (as defined in section 4233A(d)(3) of the Employee Retirement Income Security Act of 1974) with respect to a multiemployer plan which was partitioned pursuant to an order by the Pension Benefit Guaranty Corporation under section 4233A of such Act.

''(2) COVERED EMPLOYEE.—The term 'covered employee' means any employee (including any former employee) of an applicable multiemployer plan if the employee—

''(A) is one of the 5 highest compensated employees of the plan for the plan year, or

''(B) was a covered employee of the organization (or any predecessor) for any preceding plan year beginning after the date of the enactment of this section.

''(3) REMUNERATION.—The term 'remuneration' means wages (as defined in section 3401(a)).

''(d) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to prevent avoidance of the tax under this section, including regulations to prevent avoidance of such tax through the performance of services other than as an employee or by providing compensation through a pass-through or other entity (including a related entity) to avoid such tax.''.

(b) CONFORMING AMENDMENT.—The table of sections for chapter 43 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

''Sec. 4980I. Tax on excess compensation of covered employees of partitioned multiemployer plans.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after the date of enactment of this Act.

Subtitle B—Reportable Events for Multiemployer Plans

SEC. 311. REPORTABLE EVENTS.

(a) ADDITIONAL REPORTABLE EVENTS.—

(1) IN GENERAL.—Section 4043(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1343(c)) is amended by striking ''or'' at the end of paragraph (12), by redesignating paragraph (13) as paragraph (17), and by inserting after paragraph (12) the following new paragraphs:

''(13) when the plan sponsor of a multiemployer plan, or such sponsor's delegate, convenes or otherwise takes action to adopt any amendment (or accepts any collective bargaining agreement) that would exclude newly hired employees from participation in the plan, or any amendment (or agreement) that would substantially reduce the rate of future benefit accruals or the contribution rate for any participants under the plan;

''(14) when—

''(A) the plan sponsor of a multiemployer plan, or such sponsor's delegate, convenes or otherwise takes action to adopt; or

''(B) the plan sponsor receives notice under subsection (f) or otherwise becomes aware that the bargaining parties have negotiated an agreement to adopt;

a new pension plan, including any plan a trust forming part of which is a qualified trust under section 401(a) of the Internal Revenue Code of 1986 and any plan treated as a welfare plan by reason of section 3(2)(B)(ii), the expected participants of which are expected to substantially overlap with the active participants in a preexisting plan;

''(15) when an event pertaining to a multiemployer plan occurs that is prescribed by the corporation in regulations, if the event materially jeopardizes the security of participant benefits or the financial condition of the plan, or is likely to increase the risk of loss to the corporation;

''(16) when a multiemployer plan has, or will foreseeably have, only one trustee or no trustees on its board; or''.

(2) NOTIFICATION BY BARGAINING PARTIES.—Section 4043 of such Act (29 U.S.C. 1343) is amended by redesignating subsection (f) as subsection (g), and by inserting after subsection (e) the following new subsection:

''(f) NOTIFICATION BY BARGAINING PARTIES.—Not later than 60 days prior to the adoption of a new pension plan described in subsection (c)(14), the bargaining parties shall notify the plan sponsor of the negotiation of an agreement to adopt such plan.''.

(3) CONFORMING AMENDMENT.—Section 4043(b)(3) of such Act (29 U.S.C. 1343(b)(3)) is amended by striking ''(13)'' and inserting ''(17)''.

(b) APPLICATION TO PLANS.—

(1) IN GENERAL.—Section 4043(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1343(a)) is amended by inserting '', plan sponsor (in the case of a multiemployer plan),'' after ''plan administrator''.

(2) NOTIFICATION THAT EVENT IS ABOUT TO OCCUR.—Section 4043(b) of such Act (29 U.S.C. 1343(b)) is amended—

(A) in paragraph (1)—

(i) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively, and by moving such clauses 2 ems to the right;

(ii) by striking ''shall be applicable to a contributing sponsor'' and inserting ''shall be applicable—

''(A) to any plan sponsor of a multiemployer plan; and

''(B) to any contributing sponsor''; and

(iii) in the last sentence, by striking ''subparagraph (B)'' and inserting ''clause (ii)'';

(B) by striking ''This subsection'' in paragraph (2) and inserting ''In the case of a single-employer plan, this subsection'';

(C) by striking ''any contributing sponsor'' in paragraph (4) and inserting ''any plan sponsor of a multiemployer plan or any contributing sponsor'';

(D) by redesignating paragraph (4), as so amended, as paragraph (5); and

(E) by inserting after paragraph (3) the following new paragraph:

''(4) No later than 60 days prior to an event described in paragraph (13), (14)(A), (15), or (16) of subsection (c), the plan sponsor of a multiemployer plan shall notify the corporation that the event is about to occur.''.

(c) TECHNICAL CORRECTIONS.—

(1) Section 4045(c)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1345(c)(1)) is amended by striking ''4043(b)(7)'' and inserting ''4043(c)(7)''.

(2) Section 4065(2) of such Act (29 U.S.C. 1365(2)) is amended by striking ''4043(b)'' and inserting ''4043(c)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to reportable events (as defined in section 4043(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1343(c))) occurring after the date of the enactment of this Act.

Subtitle C—Funding Notices to Participants in Multiemployer Plans

SEC. 321. IMPROVED MULTIEMPLOYER PLAN DISCLOSURE.

(a) PLAN FUNDING NOTICES.—Section 101(f) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021(f)) is amended—

(1) in paragraph (2)(B)—

(A) in clause (iv), by striking ''setting forth'' and inserting ''describing how a person may obtain information regarding'';

(B) by striking clauses (v) and (vi);

(C) by redesignating clauses (vii) through (xi) as clauses (v) through (ix), respectively;

(D) in clause (vi), as so redesignated—

(i) by striking ''(I) in the case of'' and inserting ''in the case of'';

(ii) by striking '', or'' and inserting a comma; and

(iii) by striking subclause (II); and

(E) by amending clause (vii), as so redesignated, to read as follows:

''(vii)(I) in the case of a single-employer plan, a general description of the benefits under the plan which are eligible to be guaranteed by the Pension Benefit Guaranty Corporation, and an explanation of the limitations on the guarantee and the circumstances under which such limitations apply, and

''(II) in the case of a multiemployer plan, a statement that eligible benefits are guaranteed by the Pension Benefit Guaranty Corporation, and a statement of how to obtain both a general description of the benefits under the plan which are eligible to be guaranteed by the Pension Benefit Guaranty Corporation and an explanation of the limitations on the guarantee and the circumstances under which such limitations apply,''; and

(2) in paragraph (4)(C)—

(A) by striking ''(C) may be provided'' and inserting ''(C)(i) subject to clause (ii), may be provided'';

(B) by striking the period and inserting ''; and''; and

(C) by adding at the end the following:

''(ii) in the case of such a notice provided to the Pension Benefit Guaranty Corporation, shall be in an electronic format in such manner prescribed in regulations of such Corporation.''.

(b) DISCLOSURES BY PLANS REGARDING STATUS.—

(1) AMENDMENTS TO EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 305(b)(4) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1085(b)(4)), as redesignated by section 212(a) and as in effect before the amendments made by section 212 other than subsection (a) thereof, is further amended—

(A) in the paragraph heading, by striking ''BY PLAN ACTUARY'' and inserting ''AND REPORT'';

(B) by amending subparagraph (A) to read as follows:

''(A) IN GENERAL.—Not later than the 90th day of each plan year of a multiemployer plan, the plan sponsor shall file, in accordance with regulations prescribed by the ERISA agencies, a report that contains—

''(i) documentation from the plan actuary certifying to the ERISA agencies and to the plan sponsor—

''(I) whether or not the plan is in unrestricted or stable status for such plan year, whether or not the plan is in endangered status for such plan year and whether or not the plan is or will be in critical status for such plan year or any of the 5 succeeding plan years,

''(II) in the case of a plan which is in a funding improvement or rehabilitation period, whether or not the plan is making the scheduled progress in meeting the requirements of its funding improvement or rehabilitation plan and, if not, a summary of the primary reasons the plan is not making the scheduled progress,

''(III) the funded percentage of the plan determined as of the first day of the current plan year and the value of assets and liabilities used to calculate such funded percentage,

''(IV) a projection of the funding standard account on a year-by-year basis for the current plan year and the 14 succeeding plan

years and a statement of the actuarial assumptions for such projections, and

''(V)(aa) subject to item (bb), a projection of the cash flow of the plan and actuarial assumptions for the current plan year and 14 succeeding plan years, and

''(bb) in the case in which it is certified that a multiemployer plan is or will be in endangered or critical status for a plan year, the projection of the cash flow of the plan and actuarial assumptions for the current year and 29 succeeding plan years,

''(ii) as of the last day of the prior plan year, a good faith determination of—

''(I) the fair market value of the assets of the plan,

''(II) the number of participants who are—

''(aa) retired or separated from service and are receiving benefits,

''(bb) retired or separated participants entitled to future benefits, and

''(cc) active participants under the plan,

''(III) the total value of all benefits paid during the prior plan year,

''(IV) the total value of all contributions and withdrawal liability payments made to the plan during the prior plan year, and

''(V) the total value of all investment gains or losses during the prior plan year,

''(iii) a description of any material changes during the previous plan year to the rates at which participants accrue benefits or the rate at which employers contribute,

''(iv) a copy of any funding improvement plan or rehabilitation plan, and any update thereto or modification thereof, that was adopted under this section prior to the filing of the report for the current plan year in accordance with this subparagraph and, if applicable, after the filing of the report required by this subparagraph for the prior plan year,

''(v) in the case of any plan amendment, scheduled benefit increase or reduction, or other known event taking effect in the current plan year and having a material effect on plan liabilities or assets for the year (as defined in regulations by the ERISA agencies), an explanation of the amendment, scheduled increase or reduction, or event, and a projection to the end of such plan year of the effect of the amendment, scheduled increase or reduction, or event on plan liabilities,

''(vi) in the case of a multiemployer plan certified to be in critical status for which the plan sponsor has determined that, based on reasonable actuarial assumptions and upon exhaustion of all reasonable measures, the plan cannot reasonably be expected to emerge from critical status by the end of the rehabilitation period, a description of all reasonable measures, whether or not such measures were implemented, and a summary of the consideration of such measures,

''(vii) a statement, containing the information available to the plan sponsor, describing—

''(I) the withdrawal of any employer during the prior plan year and the percentage of total contributions made by that employer during the prior plan year,

''(II) any material reduction in total contributions or withdrawal liability payments of any employers and the reason for such reduction, and a comparison to contributions projected previously,

''(III) any material reduction in the number of active plan participants and the reason for such reduction, and

''(IV) the annual withdrawal liability payment each withdrawn employer is obligated to pay to the plan for the plan year, whether that amount was collected by the plan (and if not, the amount that was collected), and the remaining years on the employer's obligation to make withdrawal liability payments, and

''(viii) such other information as may be required by the ERISA agencies by regulation.'';

(C) by striking subparagraph (C) and inserting the following:

''(C) FORM AND MANNER.—The report required by subparagraph (A) shall be filed electronically in accordance with regulations prescribed by the ERISA agencies.''; and

(D) in subparagraph (D)—

(i) by redesignating clauses (ii), (iii), (iv), and (v) as clauses (iii), (iv), (v), and (vi), respectively;

(ii) by inserting after clause (i) the following:

''(ii) PLANS IN ENDANGERED OR CRITICAL STATUS.—If it is certified under subparagraph (A) that a multiemployer plan is or will be in endangered or critical status, the plan sponsor shall include in the notice under clause (i)—

''(I) a statement describing how a person may obtain a copy of the plan's funding improvement or rehabilitation plan, as appropriate, adopted under this section and the actuarial and financial data that demonstrate any action taken by the plan toward fiscal improvement,

''(II) a summary of any funding improvement or rehabilitation plan, and any update thereto or modification thereof, adopted under this section prior to the furnishing of such notice,

''(III) a summary of the rules governing insolvency, including the limitations on benefit payments, and

''(IV) a general description of the benefits under the plan which are eligible to be guaranteed by the Pension Benefit Guaranty Corporation and an explanation of the limitations on the guarantee and the circumstances under which such limitations apply.'';

(iii) in clause (v), as so redesignated—

(I) by striking ''The Secretary of the Treasury, in consultation with the Secretary'' and inserting ''The ERISA agencies''; and

(II) by striking ''(ii) and (iii)'' and inserting ''(ii), (iii), and (iv)''; and

(E) by adding at the end the following:

''(E) DESIGNATION AND COORDINATION.—The ERISA agencies shall—

''(i) designate one ERISA agency to receive the report described in subparagraph (A) on behalf of all the ERISA agencies, which shall each have full access to such report; and

''(ii) consult with each other and develop rules, regulations, practices, and forms, which to the extent appropriate for the efficient administration of the provisions of this paragraph are designed to replace duplication of effort, duplication of reporting, conflicting or overlapping requirements, and the burden of compliance with such provisions by plan administrators and plan sponsors.

''(F) ERISA AGENCIES.—In this paragraph, the term 'ERISA agencies' means the Secretary, the Secretary of the Treasury, and the Pension Benefit Guaranty Corporation.''.

(2) AMENDMENTS TO 1986 CODE.—Section 432(b)(4) of the Internal Revenue Code of 1986, as redesignated by section 211(a) and as in effect before the amendments made by section 211 other than subsection (a) thereof, is further amended—

(A) in the paragraph heading, by striking ''BY PLAN ACTUARY'' and inserting ''AND REPORT'';

(B) by amending subparagraph (A) to read as follows:

''(A) IN GENERAL.—Not later than the 90th day of each plan year of a multiemployer plan, the plan sponsor shall file, in accordance with regulations prescribed by the ERISA agencies, a report that contains—

''(i) documentation from the plan actuary certifying to the ERISA agencies and to the plan sponsor—

''(I) whether or not the plan is in unrestricted or stable status for such plan year, whether or not the plan is in endangered status for such plan year and whether or not the plan is or will be in critical status for such plan year or any of the 5 succeeding plan years,

''(II) in the case of a plan which is in a funding improvement or rehabilitation period, whether or not the plan is making the scheduled progress in meeting the requirements of its funding improvement or rehabilitation plan and, if not, a summary of the primary reasons the plan is not making the scheduled progress,

''(III) the funded percentage of the plan determined as of the first day of the current plan year and the value of assets and liabilities used to calculate such funded percentage,

''(IV) a projection of the funding standard account on a year-by-year basis for the current plan year and the 14 succeeding plan years and a statement of the actuarial assumptions for such projections, and

''(V)(aa) subject to item (bb), a projection of the cash flow of the plan and actuarial assumptions for the current plan year and 14 succeeding plan years, and

''(bb) in the case in which it is certified that a multiemployer plan is or will be in endangered or critical status for a plan year, the projection of the cash flow of the plan and actuarial assumptions for the current year and 29 succeeding plan years,

''(ii) as of the last day of the prior plan year, a good faith determination of—

''(I) the fair market value of the assets of the plan,

''(II) the number of participants who are—

''(aa) retired or separated from service and are receiving benefits,

''(bb) retired or separated participants entitled to future benefits, and

''(cc) active participants under the plan,

''(III) the total value of all benefits paid during the prior plan year,

''(IV) the total value of all contributions and withdrawal liability payments made to the plan during the prior plan year, and

''(V) the total value of all investment gains or losses during the prior plan year,

''(iii) a description of any material changes during the previous plan year to the rates at which participants accrue benefits or the rate at which employers contribute,

''(iv) a copy of any funding improvement plan or rehabilitation plan, and any update thereto or modification thereof, that was adopted under this section prior to the filing of the report for the current plan year in accordance with this subparagraph and, if applicable, after the filing of the report required by this subparagraph for the prior plan year,

''(v) in the case of any plan amendment, scheduled benefit increase or reduction, or other known event taking effect in the current plan year and having a material effect on plan liabilities or assets for the year (as defined in regulations by the ERISA agencies), an explanation of the amendment, scheduled increase or reduction, or event, and a projection to the end of such plan year of the effect of the amendment, scheduled increase or reduction, or event on plan liabilities,

''(vi) in the case of a multiemployer plan certified to be in critical status for which the plan sponsor has determined that, based on reasonable actuarial assumptions and upon exhaustion of all reasonable measures, the plan cannot reasonably be expected to emerge from critical status by the end of the rehabilitation period, a description of all

reasonable measures, whether or not such measures were implemented, and a summary of the consideration of such measures,

''(vii) a statement, containing the information available to the plan sponsor, describing—

''(I) the withdrawal of any employer during the prior plan year and the percentage of total contributions made by that employer during the prior plan year, and a comparison to contributions projected previously.

''(II) any material reduction in total contributions or withdrawal liability payments of any employers and the reason for such reduction,

''(III) any material reduction in the number of active plan participants and the reason for such reduction, and

''(IV) the annual withdrawal liability payment each withdrawn employer is obligated to pay to the plan for the plan year, whether that amount was collected by the plan (and if not, the amount that was collected), and the remaining years on the employer's obligation to make withdrawal liability payments, and

''(viii) such other information as may be required by the ERISA agencies by regulation.'';

(C) by striking subparagraph (C) and inserting the following:

''(C) FORM AND MANNER.—The report required by subparagraph (A) shall be filed electronically in accordance with regulations prescribed by the ERISA agencies.'';

(D) in subparagraph (D)—

(i) by redesignating clauses (ii), (iii), (iv), and (v) as clauses (iii), (iv), (v), and (vi), respectively;

(ii) by inserting after clause (i) the following:

''(ii) PLANS IN ENDANGERED OR CRITICAL STATUS.—If it is certified under subparagraph (A) that a multiemployer plan is or will be in endangered or critical status, the plan sponsor shall include in the notice under clause (i)—

''(I) a statement describing how a person may obtain a copy of the plan's funding improvement or rehabilitation plan, as appropriate, adopted under this section and the actuarial and financial data that demonstrate any action taken by the plan toward fiscal improvement,

''(II) a summary of any funding improvement or rehabilitation plan, and any update thereto or modification thereof, adopted under this section prior to the furnishing of such notice,

''(III) a summary of the rules governing insolvency, including the limitations on benefit payments, and

''(IV) a general description of the benefits under the plan which are eligible to be guaranteed by the Pension Benefit Guaranty Corporation and an explanation of the limitations on the guarantee and the circumstances under which such limitations apply.''; and

(iii) in clause (v), as so redesignated—

(I) by striking ''The Secretary of the Treasury, in consultation with the Secretary'' and inserting ''The ERISA agencies''; and

(II) by striking ''(ii) and (iii)'' and inserting ''(ii), (iii), and (iv)''; and

(E) by adding at the end the following:

''(E) DESIGNATION AND COORDINATION.—The ERISA agencies shall—

''(i) designate one ERISA agency to receive the report described in subparagraph (A) on behalf of all the ERISA agencies, which shall each have full access to such report; and

''(ii) consult with each other and develop rules, regulations, practices, and forms, which to the extent appropriate for the efficient administration of the provisions of this paragraph are designed to replace duplication of effort, duplication of reporting, conflicting or overlapping requirements, and the burden of compliance with such provisions by plan administrators and plan sponsors.

''(F) ERISA AGENCIES.—In this paragraph, the term 'ERISA agencies' means the Secretary, the Secretary of Labor, and the Pension Benefit Guaranty Corporation.''.

(3) INVESTIGATIONS.—Section 4003 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1303) is amended by adding at the end the following:

''(g) The corporation may investigate or review any facts, conditions, practices, or other matters it determines necessary or proper related to the actuarial certification and report by multiemployer plans under section 305(b)(4)(A), or to obtain such information as any duly authorized committee or subcommittee of the Congress may request with respect to such plans. Any information or documentary material submitted to the corporation pursuant to this section, if clearly designated by the person making the submission as confidential (on each page in the case of a document, and in the file name in the case of a digital file), shall be exempt from disclosure under section 552 of title 5, United States Code, and no such information or documentary material may be made public, except as may be relevant to any administrative or judicial action or proceeding, including an informal rulemaking.''.

SEC. 322. PENALTIES FOR FAILURE TO PROVIDE NOTICES.

(a) IN GENERAL.—Section 502(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1132) is amended—

(1) in paragraph (7)—

(A) by striking ''(7) The Secretary'' and inserting ''(7)(A) The Secretary''; and

(B) by adding at the end the following:

''(B) The Secretary may assess a civil penalty against a plan sponsor of up to $110 per day from the date of the plan administrator's or sponsor's failure or refusal to provide the relevant notices under section 101(f) or section 305(b)(4)(D) to a recipient other than the Secretary or the Pension Benefit Guaranty Corporation. For purposes of this paragraph, each violation with respect to any single recipient shall be treated as a separate violation.''; and

(2) by adding at the end the following:

''(13)(A) The Secretary may assess a civil penalty against any plan sponsor of up to $2,140 per day from the date of the plan sponsor's failure to file with the Secretary or the Pension Benefit Guaranty Corporation the notice required under section 305(b)(4)(D) or with the Pension Benefit Guaranty Corporation the notice required under section 101(f).

''(B) The Secretary may assess a civil penalty against any plan sponsor of up to $1,100 per day from the date of the plan sponsor's failure to file with the ERISA agency designated in accordance with subparagraph (E) of section 305(b)(4) the report under subparagraph (A) of such section.''.

(b) CONFORMING AMENDMENT.—Section 502(a)(6) of such Act is amended by striking ''or (9)'' and inserting ''(9), (10), or (13)''.

Subtitle D—Consistency of Criminal Penalties

SEC. 331. CONSISTENCY OF CRIMINAL PENALTIES.

Part I of title 18, United States Code, is amended—

(1) in section 664, in the first undesignated paragraph, by striking ''five years'' and inserting ''10 years'';

(2) in section 1027, by striking ''five years'' and inserting''10 years''; and

(3) in section 1954, in the undesignated matter following paragraph (4), by striking ''three years'' and inserting ''10 years''.

TITLE IV—OTHER MULTIEMPLOYER PLAN REFORMS

SEC. 401. CLARIFICATION OF FIDUCIARY DUTY OF RETIREE REPRESENTATIVE WHO IS A TRUSTEE.

(a) AMENDMENT OF INTERNAL REVENUE CODE OF 1986.—Subclause (III) of section 432(f)(9)(B)(v) of the Internal Revenue Code of 1986, as redesignated by section 211(a) and as in effect before the amendments made by section 211 other than subsection (a) thereof, is amended by striking the period and inserting '', or to any other duties performed by such person pursuant to such person's role as a plan trustee.''.

(b) AMENDMENT OF EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Subclause (III) of section 305(f)(9)(B)(v) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1085(f)(9)(B)(v)), as redesignated by section 212(a) and as in effect before the amendments made by section 212 other than subsection (a) thereof, is amended by striking the period and inserting '', or to any other duties performed by such person pursuant to such person's role as a plan trustee.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 402. SAFE HARBORS.

(a) AMENDMENTS TO INTERNAL REVENUE CODE OF 1986.—

(1) EQUITABLE DISTRIBUTION OF BENEFIT SUSPENSIONS.—Clause (vi) of section 432(f)(9)(D) of the Internal Revenue Code of 1986, as redesignated by section 211(a) and as in effect before the amendments made by section 211 other than subsection (a) thereof, is amended by adding at the end the following flush language:

''For purposes of the preceding sentence, a suspension of benefits in the form of a flat percentage reduction in benefits which is applied in the same manner to all participants and beneficiaries (before application of clauses (ii) and (iii)) shall be treated as being equitably distributed across the participant and beneficiary population.''.

(2) APPLICATION ASSUMPTIONS.—Clause (v) of section 432(f)(9)(G) of such Code, as so redesignated and in effect, is amended—

(A) by striking ''STANDARD FOR ACCEPTING'' in the heading and inserting ''STANDARDS FOR ASSUMPTIONS AND ACCEPTING'', and

(B) by striking ''In evaluating'' and inserting ''The Secretary, in consultation with the Pension Benefit Guaranty Corporation and the Secretary of Labor, shall promulgate regulations regarding the actuarial assumptions that plans may use for purposes of the application under this subparagraph. Such regulations shall create safe harbors regarding assumptions for future rate of investment returns, future industry activity and contribution base units, mortality, and other assumptions as determined by the Secretary, and shall describe the situations in which actuarial assumptions may change during review of an application without the withdrawal and resubmission of the application. In evaluating''.

(b) AMENDMENTS TO EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) EQUITABLE DISTRIBUTION OF BENEFIT SUSPENSIONS.—Clause (vi) of section 305(f)(9)(D) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1085(f)(9)(D)), as redesignated by section 212(a) and as in effect before the amendments made by section 212 other than subsection (a) thereof, is amended by adding at the end the following flush language:

''For purposes of the preceding sentence, a suspension of benefits in the form of a flat percentage reduction in benefits which is applied in the same manner to all participants and beneficiaries (before application of

clauses (ii) and (iii)) shall be treated as being equitably distributed across the participant and beneficiary population.''.

(2) APPLICATION ASSUMPTIONS.—Clause (v) of section 305(f)(9)(G) of such Act (29 U.S.C. 1085(f)(9)(G)), as so redesignated and in effect, is amended—

(A) by striking ''STANDARD FOR ACCEPTING'' in the heading and inserting ''STANDARDS FOR ASSUMPTIONS AND ACCEPTING'', and

(B) by striking ''In evaluating'' and inserting ''The Secretary of the Treasury, in consultation with the Pension Benefit Guaranty Corporation and the Secretary of Labor, shall promulgate regulations regarding the actuarial assumptions that plans may use for purposes of the application under this subparagraph. Such regulations shall create safe harbors regarding assumptions for future rate of investment returns, future industry activity and contribution base units, mortality, and other assumptions as determined by the Secretary, and shall describe the situations in which actuarial assumptions may change during review of an application without the withdrawal and resubmission of the application. In evaluating''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by subsections (a)(1) and (b)(1) shall apply to suspensions of benefits taking effect after the date of the enactment of this Act.

(2) APPLICATIONS.—The amendments made by subsections (a)(2) and (b)(2) shall apply to applications submitted after the date of the enactment of this Act.

SEC. 403. CLARIFICATION OF NOTICE AND COMMENT PROCESS.

(a) AMENDMENTS TO INTERNAL REVENUE CODE OF 1986.—

(1) NOTICE TO PARTICIPANTS.—Subparagraph (F) of section 432(f)(9) of the Internal Revenue Code of 1986, as redesignated by section 211(a) and as in effect before the amendments made by section 211 other than subsection (a) thereof, is amended by adding at the end the following new clause:

''(vi) DE MINIMIS CHANGES.—Notice under clause (i) is not required in the case of a change to a notice previously issued, and an application previously submitted under subparagraph (G), if such change would have a de minimis effect on the suspension of benefits proposed, such as a change of 5 percent or less (whether increase or decrease) of a participant's post-suspension benefits.''.

(2) SOLICITATION OF COMMENTS.—

(A) DE MINIMIS CHANGES.—Clause (ii) of section 432(f)(9)(G) of such Code, as so redesignated and in effect, is amended by adding at the end the following: ''The preceding sentences shall not apply in the case of a resubmission of an application previously submitted if such change would have a de minimis effect on the suspension of benefits proposed, such as a change of 5 percent or less (whether increase or decrease) of a participant's post-suspension benefits.''.

(B) EXTENSION OF PERIOD FOR CORRECTION OF DEFECT.—Clause (iii) of section 432(f)(9)(G) of such Code, as so redesignated and in effect, is amended by inserting after the second sentence the following: ''If the only failure with respect to an application is a failure to provide adequate notice to participants under subparagraph (F), the Secretary may extend the 225-day deadline for consideration of the application by notice to the plan sponsor.''.

(b) AMENDMENTS TO EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) NOTICE TO PARTICIPANTS.—Subparagraph (F) of section 305(f)(9) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1085(f)(9)), as redesignated by section 212(a) and as in effect before the amendments made by section 212 other than subsection (a) thereof, is amended by adding at the end the following new clause:

''(vi) DE MINIMIS CHANGES.—Notice under clause (i) is not required in the case of a change to a notice previously issued, and an application previously submitted under subparagraph (G), if such change would have a de minimis effect on the suspension of benefits proposed, such as a change of 5 percent or less (whether increase or decrease) of a participant's post-suspension benefits.''.

(2) SOLICITATION OF COMMENTS.—

(A) DE MINIMIS CHANGES.—Clause (ii) of section 305(f)(9)(G) of such Act (29 U.S.C. 1085(f)(9)(G)), as so redesignated and in effect, is amended by adding at the end the following: ''The preceding sentences shall not apply in the case of a resubmission of an application previously submitted if such change would have a de minimis effect on the suspension of benefits proposed.''.

(B) EXTENSION OF PERIOD FOR CORRECTION OF DEFECT.—Clause (iii) of section 305(f)(9)(G) of such Act (29 U.S.C. 1085(f)(9)(G)), as so redesignated and in effect, is amended by inserting after the second sentence the following: ''If the only failure with respect to an application is a failure to provide adequate notice to participants under subparagraph (F), the Secretary may extend the 225-day deadline for consideration of the application by notice to the plan sponsor.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to applications, or changes to applications, submitted after the date of the enactment of this Act.

SEC. 404. PROTECTION OF PARTICIPANTS RECEIVING DISABILITY BENEFITS.

(a) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—Clause (iii) of section 432(f)(9)(D) of the Internal Revenue Code of 1986, as redesignated by section 211(a) and as in effect before the amendments made by section 211 other than subsection (a) thereof, is amended to read as follows:

''(iii) No benefits based on disability (as defined under the plan) may be suspended under this paragraph if the participant or beneficiary is disabled (as so defined) or receiving disability benefits under the plan as of the date of the suspension of benefits. No benefits under the plan may be suspended under this paragraph of any participant or beneficiary who is entitled to a benefit under title II of the Social Security Act on the basis of a disability (as defined in section 223(d)(2) of such Act) as of such date.''.

(b) AMENDMENT TO EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Clause (iii) of section 305(f)(9)(D) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1085(f)(9)(D)), as redesignated by section 212(a) and as in effect before the amendments made by section 212 other than subsection (a) thereof, is amended to read as follows:

''(iii) No benefits based on disability (as defined under the plan) may be suspended under this paragraph if the participant or beneficiary is disabled (as so defined) or receiving disability benefits under the plan as of the date of the suspension of benefits. No benefits under the plan may be suspended under this paragraph of any participant or beneficiary who is entitled to a benefit under title II of the Social Security Act on the basis of a disability (as defined in section 223(d)(2) of such Act) as of such date.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to suspensions of benefits taking effect after the date of the enactment of this Act.

SEC. 405. MODEL NOTICE.

Not later than 1 year after the date of the enactment of this Act, the Secretary of the Treasury, in consultation with the Secretary of Labor and the Pension Benefit Guaranty Corporation, shall develop a 1-page, plain-language, cover-page format for the model notice under section 432(e)(9)(F)(v) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of this Act) and section 305(e)(9)(F)(v) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1085(e)(9)(F)(v)), as so in effect.

TITLE V—ALTERNATIVE PLAN STRUCTURES

SEC. 501. COMPOSITE PLANS.

(a) AMENDMENT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) IN GENERAL.—Title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.) is amended by adding at the end the following:

''PART 8—COMPOSITE PLANS AND LEGACY PLANS

''SEC. 801. COMPOSITE PLAN DEFINED.

''(a) IN GENERAL.—For purposes of this Act, the term 'composite plan' means a pension plan—

''(1) which is a multiemployer plan that is neither a defined benefit plan nor a defined contribution plan;

''(2) the terms of which provide that the plan is a composite plan for purposes of this title with respect to which not more than one multiemployer defined benefit plan is treated as a legacy plan within the meaning of section 805, unless there is more than one legacy plan following a merger of composite plans under section 806;

''(3) which provides systematically for the payment of benefits—

''(A) objectively calculated pursuant to a nondiscretionary formula specified in the plan document with respect to plan participants for life; and

''(B) in the form of life annuities, except for benefits which under section 203(e) may be immediately distributed without the consent of the participant;

''(4) for which the anticipated employer contributions to the plan for the first plan year are at least 120 percent of the normal cost for the plan year;

''(5) which requires—

''(A) an annual valuation of the liability of the plan as of a date within the plan year to which the valuation refers or within one month prior to the beginning of such year;

''(B) an annual actuarial determination of the plan's current funded ratio and projected funded ratio under section 802(a);

''(C) corrective action through a realignment program pursuant to section 803 whenever the plan's projected funded ratio is below 120 percent for the plan year; and

''(D) an annual notification to each participant describing benefits under the plan and explaining that such benefits may be subject to reduction under a realignment program pursuant to section 803 based on the plan's funded status in future plan years; and

''(6) the board of trustees of which includes at least one retiree or beneficiary in pay status during each plan year following the first plan year in which at least 5 percent of the participants in the plan are retirees or beneficiaries in pay status.

''(b) TRANSITION FROM A MULTIEMPLOYER DEFINED BENEFIT PLAN.—

''(1) IN GENERAL.—The plan sponsor of a defined benefit plan that is a multiemployer plan may, subject to paragraph (2), amend the plan to incorporate the features of a composite plan as a component of the multiemployer plan separate from the defined benefit plan component, except in the case of a defined benefit plan for which the plan actuary has certified under section 305(b)(4) that the plan is or will be in endangered or critical status for the plan year in which such amendment would become effective or in endangered or critical status for any of the succeeding 5 plan years.

''(2) REQUIREMENTS.—Any amendment pursuant to paragraph (1) to incorporate the features of a composite plan as a component of a multiemployer plan shall—

''(A) apply with respect to all collective bargaining agreements providing for contributions to the multiemployer plan on or after the effective date of the amendment;

''(B) apply with respect to all participants in the multiemployer plan for whom contributions are made to the multiemployer plan on or after the effective date of the amendment;

''(C) specify that the effective date of the amendment is—

''(i) the first day of a specified plan year following the date of the adoption of the amendment, except that the plan sponsor may alternatively provide for a separate effective date with respect to each collective bargaining agreement under which contributions to the multiemployer plan are required, which shall occur on the first day of the first plan year beginning after the termination, or if earlier, the re-opening, of each such agreement, or such earlier date as the parties to the agreement and the plan sponsor of the multiemployer plan shall agree to; and

''(ii) not later than the first day of the fifth plan year beginning on or after the date of the adoption of the amendment;

''(D) specify that, as of the amendment's effective date, no further benefits shall accrue under the defined benefit component of the multiemployer plan; and

''(E) specify that, as of the amendment's effective date, the plan sponsor of the multiemployer plan shall be the plan sponsor of both the composite plan component and the defined benefit plan component of the plan.

''(3) SPECIAL RULES.—If a multiemployer plan is amended pursuant to paragraph (1)—

''(A) the requirements of this title and title IV shall be applied to the composite plan component and the defined benefit plan component of the multiemployer plan as if each such component were maintained as a separate plan; and

''(B) the assets of the composite plan component and the defined benefit plan component of the plan shall be held in a single trust forming part of the plan under which the trust instrument expressly provides—

''(i) for separate accounts (and appropriate records) to be maintained to reflect the interest which each of the plan components has in the trust, including separate accounting for additions to the trust for the benefit of each plan component, disbursements made from each plan component's account in the trust, investment experience of the trust allocable to that account, and administrative expenses (whether direct expenses or shared expenses allocated proportionally), and permits, but does not require, the pooling of some or all of the assets of the two plan components for investment purposes, subject to the judgment of the plan fiduciaries; and

''(ii) that the assets of each of the two plan components shall be held, invested, reinvested, managed, administered and distributed for the exclusive benefit of the participants and beneficiaries of each such plan component, and in no event shall the assets of one of the plan components be available to pay benefits due under the other plan component.

''(4) NOT A TERMINATION EVENT.—Notwithstanding section 4041A, an amendment pursuant to paragraph (1) to incorporate the features of a composite plan as a component of a multiemployer plan does not constitute termination of the multiemployer plan.

''(5) NOTICE TO THE SECRETARY.—

''(A) NOTICE.—The plan sponsor of a composite plan shall provide notice to the Secretary of the intent to establish the composite plan (or, in the case of a composite plan incorporated as a component of a multiemployer plan as described in paragraph (1), the intent to amend the multiemployer plan to incorporate such composite plan) at least 30 days prior to the effective date of such establishment or amendment.

''(B) CERTIFICATION.—In the case of a composite plan incorporated as a component of a multiemployer plan as described in paragraph (1), such notice shall include a certification by the plan actuary under section 305(b)(4) that the effective date of the amendment occurs in a plan year for which the multiemployer plan is not in endangered or critical status for that plan year and any of the succeeding 5 plan years.

''(6) REFERENCES TO COMPOSITE PLAN COMPONENT.—As used in this part, the term 'composite plan' includes a composite plan component added to a defined benefit plan pursuant to paragraph (1).

''(7) RULE OF CONSTRUCTION.—Paragraph (2)(A) shall not be construed as preventing the plan sponsor of a multiemployer plan from adopting an amendment pursuant to paragraph (1) because some collective bargaining agreements are amended to cease any covered employer's obligation to contribute to the multiemployer plan before or after the plan amendment is effective. Paragraph (2)(B) shall not be construed as preventing the plan sponsor of a multiemployer plan from adopting an amendment pursuant to paragraph (1) because some participants cease to have contributions made to the multiemployer plan on their behalf before or after the plan amendment is effective.

''(c) COORDINATION WITH FUNDING RULES.—Except as otherwise provided in this part, sections 302, 304, and 305 shall not apply to a composite plan.

''(d) TREATMENT OF A COMPOSITE PLAN.—For purposes of this Act (other than sections 302 and 4245), a composite plan shall be treated as if it were a defined benefit plan unless a different treatment is provided for under applicable law.

''SEC. 802. FUNDED RATIOS; ACTUARIAL ASSUMPTIONS.

''(a) CERTIFICATION OF FUNDED RATIOS.—

''(1) IN GENERAL.—Not later than the one-hundred twentieth day of each plan year of a composite plan, the plan actuary of the composite plan shall certify to the Secretary, the Secretary of the Treasury, and the plan sponsor the plan's current funded ratio and projected funded ratio for the plan year.

''(2) DETERMINATION OF CURRENT FUNDED RATIO AND PROJECTED FUNDED RATIO.—For purposes of this section:

''(A) CURRENT FUNDED RATIO.—The current funded ratio is the ratio (expressed as a percentage) of—

''(i) the value of the plan's assets as of the first day of the plan year; to

''(ii) the plan actuary's calculation of the present value of the plan liabilities as of the first day of the plan year.

''(B) PROJECTED FUNDED RATIO.—The projected funded ratio is the funded ratio determined under subparagraph (A), projected as of the first day of the fifteenth plan year following the plan year for which the determination is being made.

''(3) CONSIDERATION OF CONTRIBUTION RATE INCREASES.—For purposes of projections under this subsection, the plan actuary may anticipate contribution rate increases beyond the term of the current collective bargaining agreement and any agreed-to supplements, if reasonable, not to exceed 2.5 percent per year, compounded annually.

''(b) ACTUARIAL ASSUMPTIONS AND METHODS.—For purposes of this part:

''(1) IN GENERAL.—All costs, liabilities, rates of interest, and other factors under the plan shall be determined for a plan year on the basis of actuarial assumptions and methods—

''(A) each of which is reasonable (taking into account the experience of the plan and reasonable expectations);

''(B) which, in combination, offer the actuary's best estimate of anticipated experience under the plan; and

''(C) with respect to which any change from the actuarial assumptions and methods used in the previous plan year shall be certified by the plan actuary and the actuarial rationale for such change provided in the annual report required by section 103.

''(2) FAIR MARKET VALUE OF ASSETS.—The value of the plan's assets shall be taken into account on the basis of their fair market value.

''(3) DETERMINATION OF NORMAL COST AND PLAN LIABILITIES.—A plan's normal cost and liabilities shall be based—

''(A) on the most recent actuarial valuation required under section 801(a)(5)(A) and the unit credit funding method; and

''(B) on rates of interest subject to section 304(b)(6).

''(4) TIME WHEN CERTAIN CONTRIBUTIONS DEEMED MADE.—Any contributions for a plan year made by an employer after the last day of such plan year, but not later than 2½ months after such day, shall be deemed to have been made on such last day. For purposes of this paragraph, such 2½-month period may be extended to a total of not more than 120 days under regulations prescribed by the Secretary of the Treasury.

''(5) ADDITIONAL ACTUARIAL ASSUMPTIONS.—Except where otherwise provided in this part, the provisions of section 305(b)(4)(B) shall apply to any determination or projection under this part.

''SEC. 803. REALIGNMENT PROGRAM.

''(a) REALIGNMENT PROGRAM.—

''(1) ADOPTION.—In any case in which the plan actuary certifies under section 802(a) that the plan's projected funded ratio is below 120 percent for the plan year, the plan sponsor shall adopt a realignment program under paragraph (2) not later than 210 days after the due date of the certification required under such section 802(a). The plan sponsor shall adopt an updated realignment program for each succeeding plan year for which a certification described in the preceding sentence is made.

''(2) CONTENT OF REALIGNMENT PROGRAM.—

''(A) IN GENERAL.—A realignment program adopted under this paragraph is a written program which consists of reasonable measures, including options or a range of options to be undertaken by the plan sponsor or proposed to the bargaining parties, formulated, based on reasonably anticipated experience and reasonable actuarial assumptions, to enable the plan to achieve a projected funded ratio of at least 120 percent for the following plan year.

''(B) INITIAL PROGRAM ELEMENTS.—Reasonable measures under a realignment program described in subparagraph (A) may include any of the following:

''(i) Proposed contribution increases.

''(ii) A reduction in the rate of future benefit accruals, so long as the resulting rate is not less than 1 percent of the contributions on which benefits are based as of the start of the plan year (or the equivalent standard accrual rate as described in section 305(f)(6)).

''(iii) A modification or elimination of adjustable benefits of participants that are not in pay status before the date of the notice required under subsection (b)(1).

''(iv) Any other lawfully available measures not specifically described in this subparagraph or subparagraph (C) or (D) that the plan sponsor determines are reasonable.

''(C) ADDITIONAL PROGRAM ELEMENTS.—If the plan sponsor has determined that all reasonable measures available under subparagraph (B) will not enable the plan to achieve a projected funded ratio of at least 120 percent for the following plan year, the realignment program may also include—

''(i) a reduction of accrued benefits that are not in pay status by the date of the notice required under subsection (b)(1); or

''(ii) a reduction of any benefits of participants that are in pay status before the date of the notice required under subsection (b)(1) other than core benefits as defined in paragraph (4).

''(D) ADDITIONAL ELEMENTS.—In the case of a composite plan for which the plan sponsor has determined that all reasonable measures available under subparagraphs (B) and (C) will not enable the plan to achieve a projected funded ratio of at least 120 percent for the following plan year, the realignment program may also include—

''(i) a further reduction in the rate of future benefit accruals without regard to the limitation applicable under subparagraph (B)(ii); or

''(ii) a reduction of core benefits;

provided that such reductions shall be equitably distributed across the participant and beneficiary population, taking into account factors, with respect to participants and beneficiaries and their benefits, that may include one or more of the factors listed in subclauses (I) through (X) of section 305(f)(9)(D)(vi), to the extent necessary to enable the plan to achieve a projected funded ratio of at least 120 percent for the following plan year.

''(3) ADJUSTABLE BENEFIT DEFINED.—For purposes of this part, the term 'adjustable benefit' means—

''(A) benefits, rights, and features under the plan, including post-retirement death benefits, disability benefits not yet in pay status, and similar benefits,

''(B) any early retirement benefit or retirement-type subsidy (within the meaning of section 204(g)(2)(A)) (including early reduction factors which are not provided on an actuarially equivalent basis) and any benefit payment option (other than the qualified joint and survivor annuity),

''(C) benefit increases which were adopted (or, if later, took effect) less than 120 months before the first day of the first plan year in which such realignment program took effect,

''(D) any one-time bonus payment or 'thirteenth check' provision, and

''(E) benefits granted for period of service prior to participation in the plan.

''(4) CORE BENEFIT DEFINED.—For purposes of this part, the term 'core benefit' means a participant's accrued benefit payable in the normal form of an annuity commencing at normal retirement age, determined without regard to—

''(A) any early retirement benefits, retirement-type subsidies, or other benefits, rights, or features that may be associated with that benefit; and

''(B) any cost-of-living adjustments or benefit increases effective after the date of retirement.

''(5) COORDINATION WITH CONTRIBUTION INCREASES.—

''(A) IN GENERAL.—A realignment program may provide that some or all of the benefit modifications described in the program will only take effect if the bargaining parties fail to agree to specified levels of increases in contributions to the plan, effective as of specified dates.

''(B) INDEPENDENT BENEFIT MODIFICATIONS.—If a realignment program adopts any changes to the benefit formula that are independent of potential contribution increases, such changes shall take effect not later than 180 days after the first day of the first plan year that begins following the adoption of the realignment program.

''(C) CONDITIONAL BENEFIT MODIFICATIONS.—If a realignment program adopts any changes to the benefit formula that take effect only if the bargaining parties fail to agree to contribution increases, such changes shall take effect not later than the first day of the first plan year beginning after the third anniversary of the date of adoption of the realignment program.

''(D) REVOCATION OF CERTAIN BENEFIT MODIFICATIONS.—Benefit modifications described in subparagraph (C) may be revoked, in whole or in part, and retroactively or prospectively, when contributions to the plan are increased, as specified in the realignment program, including any amendments thereto. The preceding sentence shall not apply unless the contribution increases are to be effective not later than the fifth anniversary of the first day of the first plan year that begins after the adoption of the realignment program.

''(b) NOTICE.—

''(1) IN GENERAL.—In any case in which it is certified under section 802(a) that the projected funded ratio is less than 120 percent, the plan sponsor shall, not later than 30 days after the date of the certification, provide notification of the current and projected funded ratios to the participants and beneficiaries, the bargaining parties, the Secretary of the Treasury, and the Secretary. Such notice shall include—

''(A) an explanation that contribution rate increases or benefit reductions may be necessary;

''(B) a description of the types of benefits that might be reduced; and

''(C) an estimate of the contribution increases and benefit reductions that may be necessary to achieve a projected funded ratio of 120 percent.

''(2) NOTICE OF BENEFIT MODIFICATIONS.—

''(A) IN GENERAL.—No modifications may be made that reduce the rate of future benefit accrual or that reduce core benefits or adjustable benefits unless notice of such reduction has been given at least 180 days before the general effective date of such reduction for all participants and beneficiaries to—

''(i) plan participants and beneficiaries;

''(ii) each employer who has an obligation to contribute to the composite plan; and

''(iii) each employee organization which, for purposes of collective bargaining, represents plan participants employed by such employers.

''(B) CONTENT OF NOTICE.—The notice under subparagraph (A) shall contain—

''(i) sufficient information to enable participants and beneficiaries to understand the effect of any reduction on their benefits, including an illustration of any affected benefit or subsidy, on an annual or monthly basis that a participant or beneficiary would otherwise have been eligible for as of the general effective date described in subparagraph (A); and

''(ii) information as to the rights and remedies of plan participants and beneficiaries as well as how to contact the Department of the Treasury for further information and assistance, where appropriate.

''(C) FORM AND MANNER.—Any notice under subparagraph (A)—

''(i) shall be provided in a form and manner prescribed in regulations of the Secretary of the Treasury;

''(ii) shall be written in a manner so as to be understood by the average plan participant.

''(3) MODEL NOTICES.—The Secretary of the Treasury shall—

''(A) prescribe model notices that the plan sponsor of a composite plan may use to satisfy the notice requirements under this subsection; and

''(B) by regulation enumerate any details related to the elements listed in paragraph (1) that any notice under this subsection must include.

''(4) DELIVERY METHOD.—Any notice under this part shall be provided in writing and may be provided in electronic form to the extent that the form is reasonably accessible to persons to whom the notice is provided.

''SEC. 804. LIMITATION ON INCREASING BENEFITS.

''(a) LEVEL OF CURRENT FUNDED RATIOS.—Except as provided in subsections (c), (d), and (e), no plan amendment increasing benefits or establishing new benefits under a composite plan may be adopted for a plan year unless—

''(1) the plan's current funded ratio is at least 110 percent (without regard to the benefit increase or new benefits);

''(2) taking the benefit increase or new benefits into account, the current funded ratio is at least 100 percent and the projected funded ratio for the current plan year is at least 120 percent;

''(3) in any case in which, after taking the benefit increase or new benefits into account, the current funded ratio is less than 140 percent and the projected funded ratio is less than 140 percent, the benefit increase or new benefits are projected by the plan actuary to increase the present value of the plan's liabilities for the plan year by not more than 3 percent; and

''(4) expected contributions for the current plan year are at least 120 percent of normal cost for the plan year, determined using the unit credit funding method and treating the benefit increase or new benefits as in effect for the entire plan year.

''(b) ADDITIONAL REQUIREMENTS WHERE CORE BENEFITS REDUCED.—If a plan has been amended to reduce core benefits pursuant to a realignment program under section 803(a)(2)(D), such plan may not be subsequently amended to increase core benefits unless the amendment—

''(1) increases the level of future benefit payments only; and

''(2) provides for an equitable distribution of benefit increases across the participant and beneficiary population, taking into account the extent to which the benefits of participants were previously reduced pursuant to such realignment program.

''(c) EXCEPTION TO COMPLY WITH APPLICABLE LAW.—Subsection (a) shall not apply in connection with a plan amendment if the amendment is required as a condition of qualification under part I of subchapter D of chapter 1 of the Internal Revenue Code of 1986 or to comply with other applicable law.

''(d) EXCEPTION WHERE MAXIMUM DEDUCTIBLE LIMIT APPLIES.—Subsection (a) shall not apply in connection with a plan amendment if and to the extent that contributions to the composite plan would not be deductible for the plan year under section 404(a)(1)(E) of the Internal Revenue Code of 1986 if the plan amendment is not adopted.

''(e) EXCEPTION FOR CERTAIN BENEFIT MODIFICATIONS.—Subsection (a) shall not apply in connection with a plan amendment under section 803(a)(5)(C), regarding conditional benefit modifications.

''(f) TREATMENT OF PLAN AMENDMENTS.—For purposes of this section—

''(1) if two or more plan amendments increasing benefits or establishing new benefits are adopted in a plan year, such amendments shall be treated as a single amendment adopted on the last day of the plan year;

''(2) all benefit increases and new benefits adopted in a single amendment are treated

as a single benefit increase, irrespective of whether the increases and new benefits take effect in more than one plan year; and

''(3) increases in contributions or decreases in plan liabilities which are scheduled to take effect in future plan years may be taken into account in connection with a plan amendment if they have been agreed to in writing or otherwise formalized by the date the plan amendment is adopted.

''SEC. 805. COMPOSITE PLAN RESTRICTIONS TO PRESERVE LEGACY PLAN FUNDING.

''(a) TREATMENT AS A LEGACY PLAN.—

''(1) IN GENERAL.—For purposes of this part and parts 2 and 3, a defined benefit plan shall be treated as a legacy plan with respect to the composite plan under which employees who were eligible to accrue a benefit under the defined benefit plan become eligible to accrue a benefit under such composite plan.

''(2) COMPONENT PLANS.—In any case in which a defined benefit plan is amended to add a composite plan component pursuant to section 801(b), paragraph (1) shall be applied by substituting 'defined benefit component' for 'defined benefit plan' and 'composite plan component' for 'composite plan'.

''(3) ELIGIBLE TO ACCRUE A BENEFIT.—For purposes of paragraph (1), an employee is considered eligible to accrue a benefit under a composite plan as of the first day in which the employee completes an hour of service under a collective bargaining agreement that provides for contributions to and accruals under the composite plan in lieu of accruals under the defined benefit plan.

''(4) COLLECTIVE BARGAINING AGREEMENT.—As used in this part, the term 'collective bargaining agreement' includes any agreement under which an employer has an obligation to contribute to a plan.

''(5) OTHER TERMS.—Any term used in this part which is not defined in this part and which is also used in section 305 shall have the same meaning provided such term in such section.

''(b) RESTRICTIONS ON ACCEPTANCE BY COMPOSITE PLAN OF AGREEMENTS AND CONTRIBUTIONS.—

''(1) IN GENERAL.—The plan sponsor of a composite plan shall not accept or recognize a collective bargaining agreement (or any modification to such agreement), and no contributions may be accepted and no benefits may be accrued or otherwise earned under the agreement—

''(A) in any case in which the plan actuary of any defined benefit plan that would be treated as a legacy plan with respect to such composite plan has certified under section 305(b)(4) that such defined benefit plan is or will be in endangered or critical status for the plan year in which such agreement would take effect or for any of the succeeding 5 plan years; and

''(B) unless the agreement requires each employer who is a party to such agreement, including employers whose employees are not participants in the legacy plan, to provide contributions to the legacy plan with respect to such composite plan in a manner that satisfies the transition contribution requirements of subsection (d).

''(2) NOTICE.—Not later than 30 days after a determination by a plan sponsor of a composite plan that an agreement fails to satisfy the requirements described in paragraph (1), the plan sponsor shall provide notification of such failure and the reasons for such determination—

''(A) to the parties to the agreement;

''(B) to active participants of the composite plan who have ceased to accrue or otherwise earn benefits with respect to service with an employer pursuant to paragraph (1); and

''(C) to the Secretary, the Secretary of the Treasury, and the Pension Benefit Guaranty Corporation.

''(3) LIMITATION ON RETROACTIVE EFFECT.—This subsection shall not apply to benefits accrued before the date on which notice is provided under paragraph (2).

''(c) RESTRICTION ON ACCRUAL OF BENEFITS UNDER A COMPOSITE PLAN.—

''(1) IN GENERAL.—In any case in which an employer, under a collective bargaining agreement entered into after the date of enactment of this part, ceases to have an obligation to contribute to a multiemployer defined benefit plan, no employees employed by the employer may accrue or otherwise earn benefits under any composite plan, with respect to service with that employer, for a 60-month period beginning on the date on which the employer entered into such collective bargaining agreement.

''(2) NOTICE OF CESSATION OF OBLIGATION.—Within 30 days of determining that an employer has ceased to have an obligation to contribute to a legacy plan with respect to employees employed by an employer that is or will be contributing to a composite plan with respect to service of such employees, the plan sponsor of the legacy plan shall notify the plan sponsor of the composite plan of that cessation.

''(3) NOTICE OF CESSATION OF ACCRUALS.—Not later than 30 days after determining that an employer has ceased to have an obligation to contribute to a legacy plan, the plan sponsor of the composite plan shall notify the bargaining parties, the active participants affected by the cessation of accruals, the Secretary, the Secretary of the Treasury, and the Pension Benefit Guaranty Corporation of the cessation of accruals, the period during which such cessation is in effect, and the reasons therefor.

''(4) LIMITATION ON RETROACTIVE EFFECT.—This subsection shall not apply to benefits accrued before the date on which notice is provided under paragraph (3).

''(d) TRANSITION CONTRIBUTION REQUIREMENTS.—

''(1) IN GENERAL.—A collective bargaining agreement satisfies the transition contribution requirements of this subsection if the agreement—

''(A) authorizes payment of contributions to a legacy plan at a rate, or multiple rates, as described in paragraph (2)(B), equal to or greater than the transition contribution rate established by the legacy plan under paragraph (2); and

''(B) does not provide for—

''(i) a suspension of contributions to the legacy plan with respect to any period of service; or

''(ii) any new direct or indirect exclusion of younger or newly hired employees of the employer from being taken into account in determining contributions owed to the legacy plan.

''(2) TRANSITION CONTRIBUTION RATE.—

''(A) IN GENERAL.—The transition contribution rate for a plan year is the contribution rate that, as certified by the actuary of the legacy plan in accordance with the principles in section 305(b)(4)(B), is reasonably expected to be adequate—

''(i) to fund the normal cost for the plan year;

''(ii) to amortize the plan's unfunded liabilities in level annual installments over 25 years, beginning with the plan year in which the transition contribution rate is first established; and

''(iii) to amortize any subsequent changes in the legacy plan's unfunded liability due to experience gains or losses (including investment gains or losses, gains or losses due to contributions greater or less than the contributions made under the prior transition contribution rate, and other actuarial gains or losses), changes in actuarial assumptions, changes to the legacy plan's benefits, or changes in funding method over a period of 15 plan years beginning with the plan year following the plan year in which such change in unfunded liability is incurred, unless otherwise prescribed.

The transition contribution rate for any plan year may not be less than the transition contribution rate for the plan year in which such rate is first established.

''(B) MULTIPLE RATES.—If different rates of contribution are payable to the legacy plan by different employers or for different classes of employees, the certification by the actuary of the legacy plan shall specify a transition contribution rate for each such employer or class of employees.

''(C) RATE APPLICABLE TO EMPLOYER.—

''(i) IN GENERAL.—Except as provided by clause (ii), the transition contribution rate applicable to an employer for a plan year is the rate in effect for the plan year of the legacy plan that commences on or after 180 days before the earlier of—

''(I) the effective date of the collective bargaining agreement pursuant to which the employer contributes to the legacy plan; or

''(II) 5 years after the last plan year for which the transition contribution rate applicable to the employer was established or updated.

''(ii) EXCEPTION.—The transition contribution rate applicable to an employer for the first plan year beginning on or after the commencement of the employer's obligation to contribute to the composite plan is the rate in effect for the plan year of the legacy plan that commences on or after 180 days before such first plan year.

''(D) EFFECT OF LEGACY PLAN FINANCIAL CIRCUMSTANCES.—If the plan actuary of the legacy plan has certified under section 305 that the plan is in endangered or critical status for a plan year, the transition contribution rate for the following plan year is the rate determined with respect to the employer under the legacy plan's funding improvement or rehabilitation plan under section 305, if greater than the rate otherwise determined, but in no event shall the transition contribution rate be greater than 75 percent of the sum of the contribution rates applicable to the legacy plan and the composite plan for the plan year. Notwithstanding the preceding sentence, if the transition contribution rate in the prior year is more than 75 percent of the sum of the contribution rates applicable to the legacy plan and the composite plan for the prior plan year, the transition contribution rate applicable to the legacy plan shall not be subject to the 75-percent limitation, but shall be neither increased nor reduced as a percentage of the sum of the contribution rates applicable to the legacy plan and the composite plan for the plan year.

''(E) OTHER ACTUARIAL ASSUMPTIONS AND METHODS.—Except as provided in subparagraph (A), the determination of the transition contribution rate for a plan year shall be based on actuarial assumptions and methods consistent with the minimum funding determinations made under section 304 (or, if applicable, section 305) with respect to the legacy plan for the plan year.

''(F) ADJUSTMENTS IN RATE.—The plan sponsor of a legacy plan from time to time may adjust the transition contribution rate or rates applicable to an employer under this paragraph by increasing some rates and decreasing others if the actuary certifies that such adjusted rates in combination will produce projected contribution income for the plan year beginning on or after the date of certification that is not less than would be produced by the transition contribution

rates in effect at the time of the certification.

''(G) NOTICE OF TRANSITION CONTRIBUTION RATE.—The plan sponsor of a legacy plan shall provide notice to the parties to collective bargaining agreements pursuant to which contributions are made to the legacy plan of changes to the transition contribution rate requirements at least 30 days before the beginning of the plan year for which the rate is effective.

''(H) NOTICE TO COMPOSITE PLAN SPONSOR.—Not later than 30 days after a determination by the plan sponsor of a legacy plan that a collective bargaining agreement provides for a rate of contributions that is below the transition contribution rate applicable to one or more employers that are parties to the collective bargaining agreement, the plan sponsor of the legacy plan shall notify the plan sponsor of any composite plan under which employees of such employer would otherwise be eligible to accrue a benefit.

''(3) CORRECTION PROCEDURES.—Pursuant to standards prescribed by the Secretary, the plan sponsor of a composite plan shall adopt rules and procedures that give the parties to the collective bargaining agreement notice of the failure of such agreement to satisfy the transition contribution requirements of this subsection, and a reasonable opportunity to correct such failure, not to exceed 180 days from the date of notice given under subsection (b)(2).

''(4) SUPPLEMENTAL CONTRIBUTIONS.—A collective bargaining agreement may provide for supplemental contributions to the legacy plan for a plan year in excess of the transition contribution rate determined under paragraph (2), regardless of whether the legacy plan is in endangered or critical status for such plan year.

''(e) NONAPPLICATION OF COMPOSITE PLAN RESTRICTIONS.—

''(1) IN GENERAL.—The provisions of subsections (a), (b), and (c) shall not apply with respect to a collective bargaining agreement, to the extent the agreement, or a predecessor agreement, provides or provided for contributions to a defined benefit plan that is a legacy plan, as of the first day of the first plan year following a plan year for which the plan actuary certifies that the plan is fully funded, has been fully funded for at least three out of the immediately preceding 5 plan years, and is projected to remain fully funded for at least the following 4 plan years.

''(2) DETERMINATION OF FULLY FUNDED.—A plan is fully funded for purposes of paragraph (1) if, as of the valuation date of the plan for a plan year, the value of the plan's assets equals or exceeds the present value of the plan's liabilities, determined in accordance with the rules prescribed by the Pension Benefit Guaranty Corporation under sections 4219(c)(1)(D) and 4281 for multiemployer plans terminating by mass withdrawal, as in effect for the date of the determination, except the plan's reasonable assumption regarding the starting date of benefits may be used.

''(3) OTHER APPLICABLE RULES.—Except as provided in paragraph (2), actuarial determinations and projections under this section shall be based on the rules in section 802(b).

''SEC. 806. MERGERS AND ASSET TRANSFERS OF COMPOSITE PLANS.

''(a) IN GENERAL.—Assets and liabilities of a composite plan may only be merged with, or transferred to, another plan if—

''(1) the other plan is a composite plan;

''(2) the plan or plans resulting from the merger or transfer is a composite plan;

''(3) no participant's accrued benefit or adjustable benefit is lower immediately after the transaction than it was immediately before the transaction; and

''(4) the value of the assets transferred in the case of a transfer reasonably reflects the value of the amounts contributed with respect to the participants whose benefits are being transferred, adjusted for allocable distributions, investment gains and losses, and administrative expenses.

A plan which is not a composite plan may not merge with or transfer assets and liabilities to a composite plan.

''(b) LEGACY PLAN.—

''(1) IN GENERAL.—After a merger or transfer involving a composite plan, the legacy plan with respect to an employer that is obligated to contribute to the resulting composite plan is the legacy plan that applied to that employer immediately before the merger or transfer.

''(2) MULTIPLE LEGACY PLANS.—If an employer is obligated to contribute to more than one legacy plan with respect to employees eligible to accrue benefits under more than one composite plan and there is a merger or transfer of such legacy plans, the transition contribution rate applicable to the legacy plan resulting from the merger or transfer with respect to that employer shall be determined in accordance with the provisions of section 805(d)(2)(B).''.

(2) PENALTIES.—

(A) CIVIL ENFORCEMENT OF FAILURE TO COMPLY WITH REALIGNMENT PROGRAM.—Section 502(a) of such Act (29 U.S.C. 1132(a)) is amended—

(i) in paragraph (10), by striking ''or'' at the end;

(ii) in paragraph (11), by striking the period at the end and inserting ''; or''; and

(iii) by adding at the end the following:

''(12) in the case of a composite plan required to adopt a realignment program under section 803, if the plan sponsor—

''(A) has not adopted a realignment program under that section by the deadline established in such section; or

''(B) fails to update or comply with the terms of the realignment program in accordance with the requirements of such section, by the Secretary, by an employer that has an obligation to contribute with respect to the composite plan, or by an employee organization that represents active participants in the composite plan, for an order compelling the plan sponsor to adopt a realignment program, or to update or comply with the terms of the realignment program, in accordance with the requirements of such section and the realignment program.''.

(B) CIVIL PENALTIES.—Section 502(c) of such Act (29 U.S.C. 1132(c)), as amended by this Act, is further amended—

(i) by moving paragraphs (8), (10), and (12) each 2 ems to the left;

(ii) by redesignating paragraphs (9) through (13) as paragraphs (12) through (16), respectively; and

(iii) by inserting after paragraph (8) the following:

''(9) The Secretary may assess against any plan sponsor of a composite plan a civil penalty of not more than $2,140 per day for each violation by such sponsor—

''(A) of the requirement under section 801(a)(5)(D) to furnish an annual notification to each participant;

''(B) of the requirement under section 802(a) on the plan actuary to certify the plan's current or projected funded ratio by the date specified in such subsection; or

''(C) of the requirement under section 803 to adopt a realignment program by the deadline established in that section and to comply with its terms.

''(10)(A) The Secretary may assess against any plan sponsor of a composite plan a civil penalty of not more than $100 per day for each violation by such sponsor of the requirement under section 803(b) to provide notice as described in such section, except that no penalty may be assessed in any case in which the plan sponsor exercised reasonable diligence to meet the requirements of such section and—

''(i) the plan sponsor did not know that the violation existed; or

''(ii) the plan sponsor provided such notice during the 30-day period beginning on the first date on which the plan sponsor knew, or in exercising reasonable due diligence should have known, that such violation existed.

''(B) In any case in which the plan sponsor exercised reasonable diligence to meet the requirements of section 803(b), the Secretary may waive part or all of such penalty to the extent that the payment of such penalty would be excessive or otherwise inequitable relative to the violation involved.

''(11) The Secretary may assess against any plan sponsor of a composite plan a civil penalty of not more than $100 per day for each violation by such sponsor of the notice requirements under sections 801(b)(5) and 805(b)(2).''.

(3) AUTHORITIES.—Section 101(a) of Reorganization Plan No. 4 of 1978 (29 U.S.C. 1001 note) is amended by striking ''Parts 2 and 3'' and inserting ''Parts 2, 3, and 8''.

(4) CONFORMING AMENDMENT.—The table of contents in section 1 of such Act (29 U.S.C. 1001 note) is amended by inserting after the item relating to section 734 the following:

''PART 8—COMPOSITE PLANS AND LEGACY PLANS

''Sec. 801. Composite plan defined.
''Sec. 802. Funded ratios; actuarial assumptions.
''Sec. 803. Realignment program.
''Sec. 804. Limitation on increasing benefits.
''Sec. 805. Composite plan restrictions to preserve legacy plan funding.
''Sec. 806. Mergers and asset transfers of composite plans.''.

(b) AMENDMENT TO THE INTERNAL REVENUE CODE OF 1986.—

(1) IN GENERAL.—Subchapter D of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

''PART IV—COMPOSITE PLANS AND LEGACY PLANS

''Sec. 437. Composite plan defined.
''Sec. 438. Funded ratios; actuarial assumptions.
''Sec. 439. Realignment program.
''Sec. 440. Limitation on increasing benefits.
''Sec. 440A. Composite plan restrictions to preserve legacy plan funding.
''Sec. 440B. Mergers and asset transfers of composite plans.

''SEC. 437. COMPOSITE PLAN DEFINED.

''(a) IN GENERAL.—For purposes of this title, the term 'composite plan' means a pension plan—

''(1) which is a multiemployer plan that is neither a defined benefit plan nor a defined contribution plan,

''(2) the terms of which provide that the plan is a composite plan for purposes of this title with respect to which not more than one multiemployer defined benefit plan is treated as a legacy plan within the meaning of section 440A, unless there is more than one legacy plan following a merger of composite plans under section 440B,

''(3) which provides systematically for the payment of benefits—

''(A) objectively calculated pursuant to a nondiscretionary formula specified in the plan document with respect to plan participants for life; and

''(B) in the form of life annuities, except for benefits which under section 411(a)(11) may be immediately distributed without the consent of the participant;

''(4) for which the anticipated employer contributions to the plan for the first plan

year are at least 120 percent of the normal cost for the plan year;

''(5) which requires—

''(A) an annual valuation of the liability of the plan as of a date within the plan year to which the valuation refers or within one month prior to the beginning of such year,

''(B) an annual actuarial determination of the plan's current funded ratio and projected funded ratio under section 438(a),

''(C) corrective action through a realignment program pursuant to section 439 whenever the plan's projected funded ratio is below 120 percent for the plan year, and

''(D) an annual notification to each participant describing benefits under the plan and explaining that such benefits may be subject to reduction under a realignment program pursuant to section 439 based on the plan's funded status in future plan years; and

''(6) the board of trustees of which includes at least one retiree or beneficiary in pay status during each plan year following the first plan year in which at least 5 percent of the participants in the plan are retirees or beneficiaries in pay status.

''(b) TRANSITION FROM A MULTIEMPLOYER DEFINED BENEFIT PLAN.—

''(1) IN GENERAL.—The plan sponsor of a defined benefit plan that is a multiemployer plan may, subject to paragraph (2), amend the plan to incorporate the features of a composite plan as a component of the multiemployer plan separate from the defined benefit plan component, except in the case of a defined benefit plan for which the plan actuary has certified under section 432(b)(4) that the plan is or will be in endangered or critical status for the plan year in which such amendment would become effective or in endangered or critical status for any of the succeeding 5 plan years.

''(2) REQUIREMENTS.—Any amendment pursuant to paragraph (1) to incorporate the features of a composite plan as a component of a multiemployer plan shall—

''(A) apply with respect to all collective bargaining agreements providing for contributions to the multiemployer plan on or after the effective date of the amendment,

''(B) apply with respect to all participants in the multiemployer plan for whom contributions are made to the multiemployer plan on or after the effective date of the amendment,

''(C) specify that the effective date of the amendment is—

''(i) the first day of a specified plan year following the date of the adoption of the amendment, except that the plan sponsor may alternatively provide for a separate effective date with respect to each collective bargaining agreement under which contributions to the multiemployer plan are required, which shall occur on the first day of the first plan year beginning after the termination, or if earlier, the re-opening, of each such agreement, or such earlier date as the parties to the agreement and the plan sponsor of the multiemployer plan shall agree to, and

''(ii) not later than the first day of the fifth plan year beginning on or after the date of the adoption of the amendment,

''(D) specify that, as of the amendment's effective date, no further benefits shall accrue under the defined benefit component of the multiemployer plan, and

''(E) specify that, as of the amendment's effective date, the plan sponsor of the multiemployer plan shall be the plan sponsor of both the composite plan component and the defined benefit plan component of the plan.

''(3) SPECIAL RULES.—If a multiemployer plan is amended pursuant to paragraph (1)—

''(A) the requirements of this title shall be applied to the composite plan component and the defined benefit plan component of the multiemployer plan as if each such component were maintained as a separate plan, and

''(B) the assets of the composite plan component and the defined benefit plan component of the plan shall be held in a single trust forming part of the plan under which the trust instrument expressly provides—

''(i) for separate accounts (and appropriate records) to be maintained to reflect the interest which each of the plan components has in the trust, including separate accounting for additions to the trust for the benefit of each plan component, disbursements made from each plan component's account in the trust, investment experience of the trust allocable to that account, and administrative expenses (whether direct expenses or shared expenses allocated proportionally), and permits, but does not require, the pooling of some or all of the assets of the two plan components for investment purposes, subject to the judgment of the plan fiduciaries, and

''(ii) that the assets of each of the two plan components shall be held, invested, reinvested, managed, administered and distributed for the exclusive benefit of the participants and beneficiaries of each such plan component, and in no event shall the assets of one of the plan components be available to pay benefits due under the other plan component.

''(4) NOT A TERMINATION EVENT.—Notwithstanding section 4041A of the Employee Retirement Income Security Act of 1974, an amendment pursuant to paragraph (1) to incorporate the features of a composite plan as a component of a multiemployer plan does not constitute termination of the multiemployer plan.

''(5) NOTICE TO THE SECRETARY OF LABOR.—

''(A) NOTICE.—The plan sponsor of a composite plan shall provide notice to the Secretary of Labor of the intent to establish the composite plan (or, in the case of a composite plan incorporated as a component of a multiemployer plan as described in paragraph (1), the intent to amend the multiemployer plan to incorporate such composite plan) at least 30 days prior to the effective date of such establishment or amendment.

''(B) CERTIFICATION.—In the case of a composite plan incorporated as a component of a multiemployer plan as described in paragraph (1), such notice shall include a certification by the plan actuary under section 432(b)(4) that the effective date of the amendment occurs in a plan year for which the multiemployer plan is not in endangered or critical status for that plan year and any of the succeeding 5 plan years.

''(6) REFERENCES TO COMPOSITE PLAN COMPONENT.—As used in this part, the term 'composite plan' includes a composite plan component added to a defined benefit plan pursuant to paragraph (1).

''(7) RULE OF CONSTRUCTION.—Paragraph (2)(A) shall not be construed as preventing the plan sponsor of a multiemployer plan from adopting an amendment pursuant to paragraph (1) because some collective bargaining agreements are amended to cease any covered employer's obligation to contribute to the multiemployer plan before or after the plan amendment is effective. Paragraph (2)(B) shall not be construed as preventing the plan sponsor of a multiemployer plan from adopting an amendment pursuant to paragraph (1) because some participants cease to have contributions made to the multiemployer plan on their behalf before or after the plan amendment is effective.

''(c) COORDINATION WITH FUNDING RULES.—Except as otherwise provided in this part, sections 412, 431, and 432 shall not apply to a composite plan.

''(d) TREATMENT OF A COMPOSITE PLAN.—For purposes of this title (other than sections 412 and 418E), a composite plan shall be treated as if it were a defined benefit plan unless a different treatment is provided for under applicable law.

''SEC. 438. FUNDED RATIOS; ACTUARIAL ASSUMPTIONS.

''(a) CERTIFICATION OF FUNDED RATIOS.—

''(1) IN GENERAL.—Not later than the one-hundred twentieth day of each plan year of a composite plan, the plan actuary of the composite plan shall certify to the Secretary, the Secretary of Labor, and the plan sponsor the plan's current funded ratio and projected funded ratio for the plan year.

''(2) DETERMINATION OF CURRENT FUNDED RATIO AND PROJECTED FUNDED RATIO.—For purposes of this section—

''(A) CURRENT FUNDED RATIO.—The current funded ratio is the ratio (expressed as a percentage) of—

''(i) the value of the plan's assets as of the first day of the plan year, to

''(ii) the plan actuary's calculation of the present value of the plan liabilities as of the first day of the plan year.

''(B) PROJECTED FUNDED RATIO.—The projected funded ratio is the funded ratio determined under subparagraph (A), projected as of the first day of the fifteenth plan year following the plan year for which the determination is being made.

''(3) CONSIDERATION OF CONTRIBUTION RATE INCREASES.—For purposes of projections under this subsection, the plan actuary may anticipate contribution rate increases beyond the term of the current collective bargaining agreement and any agreed-to supplements, if reasonable, not to exceed 2.5 percent per year, compounded annually.

''(b) ACTUARIAL ASSUMPTIONS AND METHODS.—For purposes of this part—

''(1) IN GENERAL.—All costs, liabilities, rates of interest, and other factors under the plan shall be determined for a plan year on the basis of actuarial assumptions and methods—

''(A) each of which is reasonable (taking into account the experience of the plan and reasonable expectations),

''(B) which, in combination, offer the actuary's best estimate of anticipated experience under the plan, and

''(C) with respect to which any change from the actuarial assumptions and methods used in the previous plan year shall be certified by the plan actuary and the actuarial rationale for such change provided in the annual report required by section 6058.

''(2) FAIR MARKET VALUE OF ASSETS.—The value of the plan's assets shall be taken into account on the basis of their fair market value.

''(3) DETERMINATION OF NORMAL COST AND PLAN LIABILITIES.—A plan's normal cost and liabilities shall be based on—

''(A) the most recent actuarial valuation required under section 437(a)(5)(A) and the unit credit funding method; and

''(B) rates of interest subject to section 431(b)(6).

''(4) TIME WHEN CERTAIN CONTRIBUTIONS DEEMED MADE.—Any contributions for a plan year made by an employer after the last day of such plan year, but not later than 2½ months after such day, shall be deemed to have been made on such last day. For purposes of this paragraph, such 2½-month period may be extended to a total of not more than 120 days under regulations prescribed by the Secretary.

''(5) ADDITIONAL ACTUARIAL ASSUMPTIONS.—Except where otherwise provided in this part, the provisions of section 432(b)(4)(B) shall apply to any determination or projection under this part.

''SEC. 439. REALIGNMENT PROGRAM.

''(a) REALIGNMENT PROGRAM.—

''(1) ADOPTION.—In any case in which the plan actuary certifies under section 438(a) that the plan's projected funded ratio is below 120 percent for the plan year, the plan sponsor shall adopt a realignment program under paragraph (2) not later than 210 days after the due date of the certification required under section 438(a). The plan sponsor shall adopt an updated realignment program for each succeeding plan year for which a certification described in the preceding sentence is made.

''(2) CONTENT OF REALIGNMENT PROGRAM.—

''(A) IN GENERAL.—A realignment program adopted under this paragraph is a written program which consists of reasonable measures, including options or a range of options to be undertaken by the plan sponsor or proposed to the bargaining parties, formulated, based on reasonably anticipated experience and reasonable actuarial assumptions, to enable the plan to achieve a projected funded ratio of at least 120 percent for the following plan year.

''(B) INITIAL PROGRAM ELEMENTS.—Reasonable measures under a realignment program described in subparagraph (A) may include any of the following:

''(i) Proposed contribution increases.

''(ii) A reduction in the rate of future benefit accruals, so long as the resulting rate shall not be less than 1 percent of the contributions on which benefits are based as of the start of the plan year (or the equivalent standard accrual rate as described in section 432(f)(6)).

''(iii) A modification or elimination of adjustable benefits of participants that are not in pay status before the date of the notice required under subsection (b)(1).

''(iv) Any other legally available measures not specifically described in this subparagraph or subparagraph (C) or (D) that the plan sponsor determines are reasonable.

''(C) ADDITIONAL PROGRAM ELEMENTS.—If the plan sponsor has determined that all reasonable measures available under subparagraph (B) will not enable the plan to achieve a projected funded ratio of at least 120 percent the following plan year, such realignment program may also include—

''(i) a reduction of accrued benefits that are not in pay status by the date of the notice required under subsection (b)(1), or

''(ii) a reduction of any benefits of participants that are in pay status before the date of the notice required under subsection (b)(1) other than core benefits as defined in paragraph (4).

''(D) ADDITIONAL REDUCTIONS.—In the case of a composite plan for which the plan sponsor has determined that all reasonable measures available under subparagraphs (B) and (C) will not enable the plan to achieve a projected funded ratio of at least 120 percent for the following plan year, the realignment program may also include—

''(i) a further reduction in the rate of future benefit accruals without regard to the limitation applicable under subparagraph (B)(ii), or

''(ii) a reduction of core benefits,

provided that such reductions shall be equitably distributed across the participant and beneficiary population, taking into account factors, with respect to participants and beneficiaries and their benefits, that may include one or more of the factors listed in subclauses (I) through (X) of section 432(f)(9)(D)(vi), to the extent necessary to enable the plan to achieve a projected funded ratio of at least 120 percent for the following plan year.

''(3) ADJUSTABLE BENEFIT DEFINED.—For purposes of this part, the term 'adjustable benefit' means—

''(A) benefits, rights, and features under the plan, including post-retirement death benefits, disability benefits not yet in pay status, and similar benefits,

''(B) any early retirement benefit or retirement-type subsidy (within the meaning of section 411(d)(6)(B)(i)) (including early reduction factors which are not provided on an actuarially equivalent basis) and any benefit payment option (other than the qualified joint and survivor annuity),

''(C) benefit increases which were adopted (or, if later, took effect) less than 120 months before the first day of the first plan year in which such realignment program took effect,

''(D) any one-time bonus payment or 'thirteenth check' provision, and

''(E) benefits granted for period of service prior to participation in the plan.

''(4) CORE BENEFIT DEFINED.—For purposes of this part, the term 'core benefit' means a participant's accrued benefit payable in the normal form of an annuity commencing at normal retirement age, determined without regard to—

''(A) any early retirement benefits, retirement-type subsidies, or other benefits, rights, or features that may be associated with that benefit, and

''(B) any cost-of-living adjustments or benefit increases effective after the date of retirement.

''(5) COORDINATION WITH CONTRIBUTION INCREASES.—

''(A) IN GENERAL.—A realignment program may provide that some or all of the benefit modifications described in the program will only take effect if the bargaining parties fail to agree to specified levels of increases in contributions to the plan, effective as of specified dates.

''(B) INDEPENDENT BENEFIT MODIFICATIONS.—If a realignment program adopts any changes to the benefit formula that are independent of potential contribution increases, such changes shall take effect not later than 180 days following the first day of the first plan year that begins following the adoption of the realignment program.

''(C) CONDITIONAL BENEFIT MODIFICATIONS.—If a realignment program adopts any changes to the benefit formula that take effect only if the bargaining parties fail to agree to contribution increases, such changes shall take effect not later than the first day of the first plan year beginning after the third anniversary of the date of adoption of the realignment program.

''(D) REVOCATION OF CERTAIN BENEFIT MODIFICATIONS.—Benefit modifications described in paragraph (3) may be revoked, in whole or in part, and retroactively or prospectively, when contributions to the plan are increased, as specified in the realignment program, including any amendments thereto. The preceding sentence shall not apply unless the contribution increases are to be effective not later than the fifth anniversary of the first day of the first plan year that begins after the adoption of the realignment program.

''(b) NOTICE.—

''(1) IN GENERAL.—In any case in which it is certified under section 438(a) that the projected funded ratio is less than 120 percent, the plan sponsor shall, not later than 30 days after the date of the certification, provide notification of the current and projected funded ratios to the participants and beneficiaries, the bargaining parties, the Secretary of Labor, and the Secretary. Such notice shall include—

''(A) an explanation that contribution rate increases or benefit reductions may be necessary,

''(B) a description of the types of benefits that might be reduced, and

''(C) an estimate of the contribution increases and benefit reductions that may be necessary to achieve a projected funded ratio of 120 percent.

''(2) NOTICE OF BENEFIT MODIFICATIONS.—

''(A) IN GENERAL.—No modifications may be made that reduce the rate of future benefit accrual or that reduce core benefits or adjustable benefits unless notice of such reduction has been given at least 180 days before the general effective date of such reduction for all participants and beneficiaries to—

''(i) plan participants and beneficiaries,

''(ii) each employer who has an obligation to contribute to the composite plan, and

''(iii) each employee organization which, for purposes of collective bargaining, represents plan participants employed by such employers.

''(B) CONTENT OF NOTICE.—The notice under subparagraph (A) shall contain—

''(i) sufficient information to enable participants and beneficiaries to understand the effect of any reduction on their benefits, including an illustration of any affected benefit or subsidy, on an annual or monthly basis that a participant or beneficiary would otherwise have been eligible for as of the general effective date described in subparagraph (A), and

''(ii) information as to the rights and remedies of plan participants and beneficiaries as well as how to contact the Department of the Treasury for further information and assistance, where appropriate.

''(C) FORM AND MANNER.—Any notice under subparagraph (A)—

''(i) shall be provided in a form and manner prescribed in regulations of the Secretary,

''(ii) shall be written in a manner so as to be understood by the average plan participant.

''(3) MODEL NOTICES.—The Secretary shall—

''(A) prescribe model notices that the plan sponsor of a composite plan may use to satisfy the notice requirements under this subsection, and

''(B) by regulation enumerate any details related to the elements listed in paragraph (1) that any notice under this subsection must include.

''(4) DELIVERY METHOD.—Any notice under this part shall be provided in writing and may be provided in electronic form to the extent that the form is reasonably accessible to persons to whom the notice is provided.

''SEC. 440. LIMITATION ON INCREASING BENEFITS.

''(a) LEVEL OF CURRENT FUNDED RATIOS.—Except as provided in subsections (c), (d), and (e), no plan amendment increasing benefits or establishing new benefits under a composite plan may be adopted for a plan year unless—

''(1) the plan's current funded ratio is at least 110 percent (without regard to the benefit increase or new benefits),

''(2) taking the benefit increase or new benefits into account, the current funded ratio is at least 100 percent and the projected funded ratio for the current plan year is at least 120 percent,

''(3) in any case in which, after taking the benefit increase or new benefits into account, the current funded ratio is less than 140 percent or the projected funded ratio is less than 140 percent, the benefit increase or new benefits are projected by the plan actuary to increase the present value of the plan's liabilities for the plan year by not more than 3 percent, and

''(4) expected contributions for the current plan year are at least 120 percent of normal cost for the plan year, determined using the unit credit funding method and treating the benefit increase or new benefits as in effect for the entire plan year.

''(b) ADDITIONAL REQUIREMENTS WHERE CORE BENEFITS REDUCED.—If a plan has been

amended to reduce core benefits pursuant to a realignment program under section 439(a)(2)(D), such plan may not be subsequently amended to increase core benefits unless the amendment—

''(1) increases the level of future benefit payments only, and

''(2) provides for an equitable distribution of benefit increases across the participant and beneficiary population, taking into account the extent to which the benefits of participants were previously reduced pursuant to such realignment program.

''(c) EXCEPTION TO COMPLY WITH APPLICABLE LAW.—Subsection (a) shall not apply in connection with a plan amendment if the amendment is required as a condition of qualification under part I of subchapter D of chapter 1 or to comply with other applicable law.

''(d) EXCEPTION WHERE MAXIMUM DEDUCTIBLE LIMIT APPLIES.—Subsection (a) shall not apply in connection with a plan amendment if and to the extent that contributions to the composite plan would not be deductible for the plan year under section 404(a)(1)(E) if the plan amendment is not adopted. The Secretary of the Treasury shall issue regulations to implement this paragraph.

''(e) EXCEPTION FOR CERTAIN BENEFIT MODIFICATIONS.—Subsection (a) shall not apply in connection with a plan amendment under section 439(a)(5)(C), regarding conditional benefit modifications.

''(f) TREATMENT OF PLAN AMENDMENTS.—For purposes of this section—

''(1) if two or more plan amendments increasing benefits or establishing new benefits are adopted in a plan year, such amendments shall be treated as a single amendment adopted on the last day of the plan year,

''(2) all benefit increases and new benefits adopted in a single amendment are treated as a single benefit increase, irrespective of whether the increases and new benefits take effect in more than one plan year, and

''(3) increases in contributions or decreases in plan liabilities which are scheduled to take effect in future plan years may be taken into account in connection with a plan amendment if they have been agreed to in writing or otherwise formalized by the date the plan amendment is adopted.

''SEC. 440A. COMPOSITE PLAN RESTRICTIONS TO PRESERVE LEGACY PLAN FUNDING.

''(a) TREATMENT AS A LEGACY PLAN.—

''(1) IN GENERAL.—For purposes of this subchapter, a defined benefit plan shall be treated as a legacy plan with respect to the composite plan under which employees who were eligible to accrue a benefit under the defined benefit plan become eligible to accrue a benefit under such composite plan.

''(2) COMPONENT PLANS.—In any case in which a defined benefit plan is amended to add a composite plan component pursuant to section 437(b), paragraph (1) shall be applied by substituting 'defined benefit component' for 'defined benefit plan' and 'composite plan component' for 'composite plan'.

''(3) ELIGIBLE TO ACCRUE A BENEFIT.—For purposes of paragraph (1), an employee is considered eligible to accrue a benefit under a composite plan as of the first day in which the employee completes an hour of service under a collective bargaining agreement that provides for contributions to and accruals under the composite plan in lieu of accruals under the defined benefit plan.

''(4) COLLECTIVE BARGAINING AGREEMENT.—As used in this part, the term 'collective bargaining agreement' includes any agreement under which an employer has an obligation to contribute to a plan.

''(5) OTHER TERMS.—Any term used in this part which is not defined in this part and which is also used in section 432 shall have the same meaning provided such term in such section.

''(b) RESTRICTIONS ON ACCEPTANCE BY COMPOSITE PLAN OF AGREEMENTS AND CONTRIBUTIONS.—

''(1) IN GENERAL.—The plan sponsor of a composite plan shall not accept or recognize a collective bargaining agreement (or any modification to such agreement), and no contributions may be accepted and no benefits may be accrued or otherwise earned under the agreement—

''(A) in any case in which the plan actuary of any defined benefit plan that would be treated as a legacy plan with respect to such composite plan has certified under section 432(b)(4) that such defined benefit plan is or will be in endangered or critical status for the plan year in which such agreement would take effect or for any of the succeeding 5 plan years, and

''(B) unless the agreement requires each employer who is a party to such agreement, including employers whose employees are not participants in the legacy plan, to provide contributions to the legacy plan with respect to such composite plan in a manner that satisfies the transition contribution requirements of subsection (d).

''(2) NOTICE.—Not later than 30 days after a determination by a plan sponsor of a composite plan that an agreement fails to satisfy the requirements described in paragraph (1), the plan sponsor shall provide notification of such failure and the reasons for such determination to—

''(A) the parties to the agreement,

''(B) active participants of the composite plan who have ceased to accrue or otherwise earn benefits with respect to service with an employer pursuant to paragraph (1), and

''(C) the Secretary of Labor, the Secretary of the Treasury, and the Pension Benefit Guaranty Corporation.

''(3) LIMITATION ON RETROACTIVE EFFECT.—This subsection shall not apply to benefits accrued before the date on which notice is provided under paragraph (2).

''(c) RESTRICTION ON ACCRUAL OF BENEFITS UNDER A COMPOSITE PLAN.—

''(1) IN GENERAL.—In any case in which an employer, under a collective bargaining agreement entered into after the date of enactment of the Chris Allen Multiemployer Pension Recapitalization and Reform Act of 2020, ceases to have an obligation to contribute to a multiemployer defined benefit plan, no employees employed by the employer may accrue or otherwise earn benefits under any composite plan, with respect to service with that employer, for a 60-month period beginning on the date on which the employer entered into such collective bargaining agreement.

''(2) NOTICE OF CESSATION OF OBLIGATION.—Within 30 days of determining that an employer has ceased to have an obligation to contribute to a legacy plan with respect to employees employed by an employer that is or will be contributing to a composite plan with respect to service of such employees, the plan sponsor of the legacy plan shall notify the plan sponsor of the composite plan of that cessation.

''(3) NOTICE OF CESSATION OF ACCRUALS.—Not later than 30 days after determining that an employer has ceased to have an obligation to contribute to a legacy plan, the plan sponsor of the composite plan shall notify the bargaining parties, the active participants affected by the cessation of accruals, the Secretary, the Secretary of Labor, and the Pension Benefit Guaranty Corporation of the cessation of accruals, the period during which such cessation is in effect, and the reasons therefor.

''(4) LIMITATION ON RETROACTIVE EFFECT.—This subsection shall not apply to benefits accrued before the date on which notice is provided under paragraph (3).

''(d) TRANSITION CONTRIBUTION REQUIREMENTS.—

''(1) IN GENERAL.—A collective bargaining agreement satisfies the transition contribution requirements of this subsection if the agreement—

''(A) authorizes for payment of contributions to a legacy plan at a rate, or multiple rates, as described in paragraph (2)(B), equal to or greater than the transition contribution rate established under paragraph (2), and

''(B) does not provide for—

''(i) a suspension of contributions to the legacy plan with respect to any period of service, or

''(ii) any new direct or indirect exclusion of younger or newly hired employees of the employer from being taken into account in determining contributions owed to the legacy plan.

''(2) TRANSITION CONTRIBUTION RATE.—

''(A) IN GENERAL.—The transition contribution rate for a plan year is the contribution rate that, as certified by the actuary of the legacy plan in accordance with the principles in section 432(b)(4)(B), is reasonably expected to be adequate—

''(i) to fund the normal cost for the plan year,

''(ii) to amortize the plan's unfunded liabilities in level annual installments over 25 years, beginning with the plan year in which the transition contribution rate is first established, and

''(iii) to amortize any subsequent changes in the legacy plan's unfunded liability due to experience gains or losses (including investment gains or losses, gains or losses due to contributions greater or less than the contributions made under the prior transition contribution rate, and other actuarial gains or losses), changes in actuarial assumptions, changes to the legacy plan's benefits, or changes in funding method over a period of 15 plan years beginning with the plan year following the plan year in which such change in unfunded liability is incurred, unless otherwise prescribed.

The transition contribution rate for any plan year may not be less than the transition contribution rate for the plan year in which such rate is first established.

''(B) MULTIPLE RATES.—If different rates of contribution are payable to the legacy plan by different employers or for different classes of employees, the certification by the actuary of the legacy plan shall specify a transition contribution rate for each such employer or class of employees.

''(C) RATE APPLICABLE TO EMPLOYER.—

''(i) IN GENERAL.—Except as provided by clause (ii), the transition contribution rate applicable to an employer for a plan year is the rate in effect for the plan year of the legacy plan that commences on or after 180 days before the earlier of—

''(I) the effective date of the collective bargaining agreement pursuant to which the employer contributes to the legacy plan, or

''(II) 5 years after the last plan year for which the transition contribution rate applicable to the employer was established or updated.

''(ii) EXCEPTION.—The transition contribution rate applicable to an employer for the first plan year beginning on or after the commencement of the employer's obligation to contribute to the composite plan is the rate in effect for the plan year of the legacy plan that commences on or after 180 days before such first plan year.

''(D) EFFECT OF LEGACY PLAN FINANCIAL CIRCUMSTANCES.—If the plan actuary of the legacy plan has certified under section 432 that the plan is in endangered or critical status

for a plan year, the transition contribution rate for the following plan year is the rate determined with respect to the employer under the legacy plan's funding improvement or rehabilitation plan under section 432, if greater than the rate otherwise determined, but in no event shall the transition contribution rate be greater than 75 percent of the sum of the contribution rates applicable to the legacy plan and the composite plan for the plan year. Notwithstanding the preceding sentence, if the transition contribution rate in the prior year is more than 75 percent of the sum of the contribution rates applicable to the legacy plan and the composite plan for the prior plan year, the transition contribution rate applicable to the legacy plan shall not be subject to the 75-percent limitation, but shall be neither increased nor reduced as a percentage of the sum of the contribution rates applicable to the legacy plan and the composite plan for the plan year.

''(E) OTHER ACTUARIAL ASSUMPTIONS AND METHODS.—Except as provided in subparagraph (A), the determination of the transition contribution rate for a plan year shall be based on actuarial assumptions and methods consistent with the minimum funding determinations made under section 431 (or, if applicable, section 432) with respect to the legacy plan for the plan year.

''(F) ADJUSTMENTS IN RATE.—The plan sponsor of a legacy plan from time to time may adjust the transition contribution rate or rates applicable to an employer under this paragraph by increasing some rates and decreasing others if the actuary certifies that such adjusted rates in combination will produce projected contribution income for the plan year beginning on or after the date of certification that is not less than would be produced by the transition contribution rates in effect at the time of the certification.

''(G) NOTICE OF TRANSITION CONTRIBUTION RATE.—The plan sponsor of a legacy plan shall provide notice to the parties to collective bargaining agreements pursuant to which contributions are made to the legacy plan of changes to the transition contribution rate requirements at least 30 days before the beginning of the plan year for which the rate is effective.

''(H) NOTICE TO COMPOSITE PLAN SPONSOR.—Not later than 30 days after a determination by the plan sponsor of a legacy plan that a collective bargaining agreement provides for a rate of contributions that is below the transition contribution rate applicable to one or more employers that are parties to the collective bargaining agreement, the plan sponsor of the legacy plan shall notify the plan sponsor of any composite plan under which employees of such employer would otherwise be eligible to accrue a benefit.

''(3) CORRECTION PROCEDURES.—Pursuant to standards prescribed by the Secretary of Labor, the plan sponsor of a composite plan shall adopt rules and procedures that give the parties to the collective bargaining agreement notice of the failure of such agreement to satisfy the transition contribution requirements of this subsection, and a reasonable opportunity to correct such failure, not to exceed 180 days from the date of notice given under subsection (b)(2).

''(4) SUPPLEMENTAL CONTRIBUTIONS.—A collective bargaining agreement may provide for supplemental contributions to the legacy plan for a plan year in excess of the transition contribution rate determined under paragraph (2), regardless of whether the legacy plan is in endangered or critical status for such plan year.

''(e) NONAPPLICATION OF COMPOSITE PLAN RESTRICTIONS.—

''(1) IN GENERAL.—The provisions of subsections (a), (b), and (c) shall not apply with respect to a collective bargaining agreement, to the extent the agreement, or a predecessor agreement, provides or provided for contributions to a defined benefit plan that is a legacy plan, as of the first day of the first plan year following a plan year for which the plan actuary certifies that the plan is fully funded, has been fully funded for at least three out of the immediately preceding 5 plan years, and is projected to remain fully funded for at least the following 4 plan years.

''(2) DETERMINATION OF FULLY FUNDED.—A plan is fully funded for purposes of paragraph (1) if, as of the valuation date of the plan for a plan year, the value of the plan's assets equals or exceeds the present value of the plan's liabilities, determined in accordance with the rules prescribed by the Pension Benefit Guaranty Corporation under sections 4219(c)(1)(D) and 4281 of Employee Retirement Income and Security Act for multiemployer plans terminating by mass withdrawal, as in effect for the date of the determination, except the plan's reasonable assumption regarding the starting date of benefits may be used.

''(3) OTHER APPLICABLE RULES.—Except as provided in paragraph (2), actuarial determinations and projections under this section shall be based on the rules in section 438(b).

''SEC. 440B. MERGERS AND ASSET TRANSFERS OF COMPOSITE PLANS.

''(a) IN GENERAL.—Assets and liabilities of a composite plan may only be merged with, or transferred to, another plan if—

''(1) the other plan is a composite plan,

''(2) the plan or plans resulting from the merger or transfer is a composite plan,

''(3) no participant's accrued benefit or adjustable benefit is lower immediately after the transaction than it was immediately before the transaction, and

''(4) the value of the assets transferred in the case of a transfer reasonably reflects the value of the amounts contributed with respect to the participants whose benefits are being transferred, adjusted for allocable distributions, investment gains and losses, and administrative expenses.

A plan which is not a composite plan may not merge with or transfer assets and liabilities to a composite plan.

''(b) LEGACY PLAN.—

''(1) IN GENERAL.—After a merger or transfer involving a composite plan, the legacy plan with respect to an employer that is obligated to contribute to the resulting composite plan is the legacy plan that applied to that employer immediately before the merger or transfer.

''(2) MULTIPLE LEGACY PLANS.—If an employer is obligated to contribute to more than one legacy plan with respect to employees eligible to accrue benefits under more than one composite plan and there is a merger or transfer of such legacy plans, the transition contribution rate applicable to the legacy plan resulting from the merger or transfer with respect to that employer shall be determined in accordance with the provisions of section 440A(d)(2)(B).''.

(2) CLERICAL AMENDMENT.—The table of parts for subchapter D of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

''PART IV—COMPOSITE PLANS AND LEGACY PLANS''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after the date of the enactment of this Act.

SEC. 502. APPLICATION OF CERTAIN REQUIREMENTS TO COMPOSITE PLANS.

(a) AMENDMENTS TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) TREATMENT FOR PURPOSES OF FUNDING NOTICES.—Section 101(f) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021(f)), as amended by this Act, is further amended—

(A) in paragraph (1) by striking ''title IV applies'' and inserting ''title IV applies or which is a composite plan''; and

(B) by adding at the end the following:

''(5) APPLICATION TO COMPOSITE PLANS.—The provisions of this subsection shall apply to a composite plan only to the extent prescribed by the Secretary in regulations that take into account the differences between a composite plan and a defined benefit plan that is a multiemployer plan.''.

(2) TREATMENT FOR PURPOSES OF ANNUAL REPORT.—Section 103 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1023) is amended—

(A) in subsection (d) by adding at the end the following sentence: ''The provisions of this subsection shall apply to a composite plan only to the extent prescribed by the Secretary in regulations that take into account the differences between a composite plan and a defined benefit plan that is a multiemployer plan.'';

(B) in subsection (f) by adding at the end the following:

''(3) ADDITIONAL INFORMATION FOR COMPOSITE PLANS.—With respect to any composite plan—

''(A) the provisions of paragraph (1)(A) shall apply by substituting 'current funded ratio and projected funded ratio (as such terms are defined in section 802(a)(2))' for 'funded percentage' each place it appears; and

''(B) the provisions of paragraph (2) shall apply only to the extent prescribed by the Secretary in regulations that take into account the differences between a composite plan and a defined benefit plan that is a multiemployer plan.''; and

(C) by adding at the end the following:

''(h) COMPOSITE PLANS.—A multiemployer plan that incorporates the features of a composite plan as provided in section 801(b) shall be treated as a single plan for purposes of the report required by this section, except that separate financial statements and actuarial statements shall be provided under paragraphs (3) and (4) of subsection (a) for the defined benefit plan component and for the composite plan component of the multiemployer plan.''.

(3) TREATMENT FOR PURPOSES OF PENSION BENEFIT STATEMENTS.—Section 105(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1025(a)) is amended by adding at the end the following:

''(4) COMPOSITE PLANS.—For purposes of this subsection, a composite plan shall be treated as a defined benefit plan to the extent prescribed by the Secretary in regulations that take into account the differences between a composite plan and a defined benefit plan that is a multiemployer plan.''.

(b) AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986.—Section 6058 of the Internal Revenue Code of 1986 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following:

''(f) COMPOSITE PLANS.—A multiemployer plan that incorporates the features of a composite plan as provided in section 437(b) shall be treated as a single plan for purposes of the return required by this section, except that separate financial statements shall be provided for the defined benefit plan component and for the composite plan component of the multiemployer plan.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after the date of the enactment of this Act.

SEC. 503. TREATMENT OF COMPOSITE PLANS UNDER TITLE IV.

(a) DEFINITION.—Section 4001(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1301(a)) is amended by striking the period at the end of paragraph (21) and inserting a semicolon and by adding at the end the following:

''(22) COMPOSITE PLAN.—The term 'composite plan' has the meaning set forth in section 801.''.

(b) COMPOSITE PLANS DISREGARDED FOR CALCULATING PREMIUMS.—Section 4006(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)) is amended by adding at the end the following:

''(9) The composite plan component of a multiemployer plan shall be disregarded in determining the premiums due under this section from the multiemployer plan.''.

(c) COMPOSITE PLANS NOT COVERED.—Section 4021(b)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1321(b)(1)) is amended by striking ''Act'' and inserting ''Act, or a composite plan, as defined in paragraph (43) of section 3 of this Act''.

(d) NO WITHDRAWAL LIABILITY.—Section 4201 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1381) is amended by adding at the end the following:

''(c) Contributions by an employer to the composite plan component of a multiemployer plan shall not be taken into account for any purpose under this title.''.

(e) NO WITHDRAWAL LIABILITY FOR CERTAIN PLANS.—Section 4201 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1381) is further amended by adding at the end the following:

''(d) Contributions by an employer to a multiemployer plan described in the except clause of section 3(35) of this Act pursuant to a collective bargaining agreement that specifically designates that such contributions shall be allocated to the separate defined contribution accounts of participants under the plan shall not be taken into account with respect to the defined benefit portion of the plan for any purpose under this title (including the determination of the employer's highest contribution rate under section 4219), even if, under the terms of the plan, participants have the option to transfer assets in their separate defined contribution accounts to the defined benefit portion of the plan in return for service credit under the defined benefit portion, at rates established by the plan sponsor.

''(e) A legacy plan created under section 805 shall be deemed to have no unfunded vested benefits for purposes of this part, for each plan year following a period of 5 consecutive plan years for which—

''(1) the plan was fully funded within the meaning of section 805 for at least 3 of the plan years during that period, ending with a plan year for which the plan is fully funded;

''(2) the plan had no unfunded vested benefits for at least 3 of the plan years during that period, ending with a plan year for which the plan is fully funded; and

''(3) the plan is projected to be fully funded and to have no unfunded vested benefits for the following four plan years.''.

(f) NO WITHDRAWAL LIABILITY FOR EMPLOYERS CONTRIBUTING TO CERTAIN FULLY FUNDED LEGACY PLANS.—Section 4211 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1382) is amended by adding at the end the following:

''(g) LEGACY PLANS.—No amount of unfunded vested benefits shall be allocated to an employer that has an obligation to contribute to a legacy plan described in subsection (e) of section 4201 for each plan year for which such subsection applies.''.

(g) NO OBLIGATION TO CONTRIBUTE.—Section 4212 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1392) is amended by adding at the end the following:

''(d) NO OBLIGATION TO CONTRIBUTE.—An employer shall not be treated as having an obligation to contribute to a multiemployer defined benefit plan within the meaning of subsection (a) solely because—

''(1) in the case of a multiemployer plan that includes a composite plan component, the employer has an obligation to contribute to the composite plan component of the plan;

''(2) the employer has an obligation to contribute to a composite plan that is maintained pursuant to one or more collective bargaining agreements under which the multiemployer defined benefit plan is or previously was maintained; or

''(3) the employer contributes or has contributed under section 805(d) to a legacy plan associated with a composite plan pursuant to a collective bargaining agreement but employees of that employer were not eligible to accrue benefits under the legacy plan with respect to service with that employer.''.

(h) NO INFERENCE.—Nothing in the amendment made by subsection (e) shall be construed to create an inference with respect to the treatment under title IV of the Employee Retirement Income Security Act of 1974, as in effect before such amendment, of contributions by an employer to a multiemployer plan described in the except clause of section 3(35) of such Act that are made before the effective date of subsection (e) specified in subsection (h)(2).

(i) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in subparagraph (2), the amendments made by this section shall apply to plan years beginning after the date of the enactment of this Act.

(2) SPECIAL RULE FOR SECTION 414(k) MULTIEMPLOYER PLANS.—The amendment made by subsection (e) shall apply only to required contributions payable for plan years beginning after the date of the enactment of this Act.

SEC. 504. CONFORMING CHANGES.

(a) DEFINITIONS.—

(1) AMENDMENT TO EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002) is amended—

(A) in paragraph (35), by inserting ''or a composite plan'' after ''other than an individual account plan''; and

(B) by adding at the end the following:

''(43) The term 'composite plan' has the meaning given the term in section 801(a).''.

(2) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—Section 414(j) of the Internal Revenue Code of 1986 is amended by inserting '', other than a composite plan (as defined in section 437(a)),'' after ''any plan''.

(b) SPECIAL FUNDING RULE FOR CERTAIN LEGACY PLANS.—

(1) AMENDMENT TO EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 304(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1084(b)), as amended by this Act, is amended by adding at the end the following:

''(10) SPECIAL FUNDING RULE FOR CERTAIN LEGACY PLANS.—In the case of a multiemployer defined benefit plan that has adopted an amendment under section 801(b), in accordance with which no further benefits shall accrue under the multiemployer defined benefit plan, the plan sponsor may combine the outstanding balance of all charge and credit bases and amortize that combined base in level annual installments (until fully amortized) over a period of 25 plan years beginning with the plan year following the date all benefit accruals ceased, but only if the plan is not in endangered or critical status under section 305.''.

(2) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—Section 431(b) of the Internal Revenue Code of 1986, as amended by this Act, is amended by adding at the end the following:

''(10) SPECIAL FUNDING RULE FOR CERTAIN LEGACY PLANS.—In the case of a multiemployer defined benefit plan that has adopted an amendment under section 437(b), in accordance with which no further benefits shall accrue under the multiemployer defined benefit plan, the plan sponsor may combine the outstanding balance of all charge and credit bases and amortize that combined base in level annual installments (until fully amortized) over a period of 25 plan years beginning with the plan year following the date on which all benefit accruals ceased, but only if the plan is not in endangered or critical status under section 432.''.

(c) BENEFITS AFTER MERGER, CONSOLIDATION, OR TRANSFER OF ASSETS.—

(1) AMENDMENT TO EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 208 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1058) is amended—

(A) by striking so much of the first sentence as precedes ''may not merge'' and inserting the following:

''(1) IN GENERAL.—Except as provided in paragraph (2), a pension plan may not merge, and''; and

(B) by striking the second sentence and adding at the end the following:

''(2) SPECIAL REQUIREMENTS FOR MULTIEMPLOYER PLANS.—Paragraph (1) shall not apply to any transaction to the extent that participants either before or after the transaction are covered under a multiemployer plan to which title IV of this Act applies or a composite plan.''.

(2) AMENDMENTS TO INTERNAL REVENUE CODE OF 1986.—

(A) QUALIFICATION REQUIREMENT.—Section 401(a)(12) of the Internal Revenue Code of 1986 is amended—

(i) by striking ''(12) A trust'' and inserting the following:

''(12) BENEFITS AFTER MERGER, CONSOLIDATION, OR TRANSFER OF ASSETS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), a trust'';

(ii) by striking the second sentence; and

(iii) by adding at the end the following:

''(B) SPECIAL REQUIREMENTS FOR MULTIEMPLOYER PLANS.—Subparagraph (A) shall not apply to any multiemployer plan with respect to any transaction to the extent that participants either before or after the transaction are covered under a multiemployer plan to which title IV of the Employee Retirement Income Security Act of 1974 applies or a composite plan.''.

(B) ADDITIONAL QUALIFICATION REQUIREMENT.—Paragraph (1) of section 414(l) of such Code is amended—

(i) by striking ''(1) IN GENERAL'' and all that follows through ''shall not constitute'' and inserting the following:

''(1) BENEFIT PROTECTIONS: MERGER, CONSOLIDATION, TRANSFER.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), a trust which forms a part of a plan shall not constitute''; and

(ii) by striking the second sentence; and

(iii) by adding at the end the following:

''(B) SPECIAL REQUIREMENTS FOR MULTIEMPLOYER PLANS.—Subparagraph (A) does not apply to any multiemployer plan with respect to any transaction to the extent that participants either before or after the transaction are covered under a multiemployer plan to which title IV of the Employee Retirement Income Security Act of 1974 applies or a composite plan.''.

(d) REQUIREMENTS FOR STATUS AS A QUALIFIED PLAN.—

(1) REQUIREMENT THAT ACTUARIAL ASSUMPTIONS BE SPECIFIED.—Section 401(a)(25) of the Internal Revenue Code of 1986 is amended by inserting ''(in the case of a composite plan,

benefits objectively calculated pursuant to a formula)'' after ''definitely determinable benefits''.

(2) MISSING PARTICIPANTS IN TERMINATING COMPOSITE PLAN.—Section 401(a)(34) of the Internal Revenue Code of 1986 is amended by striking '', a trust'' and inserting ''or a composite plan, a trust''.

(e) DEDUCTION FOR CONTRIBUTIONS TO A QUALIFIED PLAN.—Section 404(a)(1) of the Internal Revenue Code of 1986 is amended by redesignating subparagraph (E) as subparagraph (F) and by inserting after subparagraph (D) the following:

''(E) COMPOSITE PLANS.—

''(i) IN GENERAL.—In the case of a composite plan, subparagraph (D) shall not apply and the maximum amount deductible for a plan year shall be the excess (if any) of—

''(I) 140 percent of the greater of—

''(aa) the current liability of the plan determined in accordance with the principles of section 431(c)(6)(D), or

''(bb) the present value of plan liabilities as determined under section 438, over

''(II) the fair market value of the plan's assets, projected to the end of the plan year.

''(ii) SPECIAL RULES FOR PREDECESSOR MULTIEMPLOYER PLAN TO COMPOSITE PLAN.—

''(I) IN GENERAL.—Except as provided in subclause (II), if an employer contributes to a composite plan with respect to its employees, contributions by that employer to a legacy plan with respect to some or all of the same group of employees shall be deductible under sections 162 and this section, subject to the limits in subparagraph (D).

''(II) TRANSITION CONTRIBUTION.—The full amount of a contribution to satisfy the transition contribution requirement (as defined in section 440A(d)) and allocated to the legacy defined benefit plan for the plan year shall be deductible for the employer's taxable year ending with or within the plan year.''.

(f) MINIMUM VESTING STANDARDS.—

(1) YEARS OF SERVICE UNDER COMPOSITE PLANS.—

(A) EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 203 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053) is amended by inserting after subsection (f) the following:

''(g) SPECIAL RULES FOR COMPUTING YEARS OF SERVICE UNDER COMPOSITE PLANS.—

''(1) IN GENERAL.—In determining a qualified employee's years of service under a composite plan for purposes of this section, the employee's years of service under a legacy plan shall be treated as years of service earned under the composite plan. For purposes of such determination, a composite plan shall not be treated as a defined benefit plan pursuant to section 801(d).

''(2) QUALIFIED EMPLOYEE.—For purposes of this subsection, an employee is a qualified employee if the employee first completes an hour of service under the composite plan (determined without regard to the provisions of this subsection) within the 12-month period immediately preceding or the 24-month period immediately following the date the employee ceased to accrue benefits under the legacy plan.

''(3) CERTIFICATION OF YEARS OF SERVICE.—For purposes of paragraph (1), the plan sponsor of the composite plan shall rely on a written certification by the plan sponsor of the legacy plan of the years of service the qualified employee completed under the defined benefit plan as of the date the employee satisfies the requirements of paragraph (2), disregarding any years of service that had been forfeited under the rules of the defined benefit plan before that date unless contrary to service records provided by the participant. In the case of a conflict, the plan sponsor shall evaluate the evidence and make a reasonable factual determination.

''(h) SPECIAL RULES FOR COMPUTING YEARS OF SERVICE UNDER LEGACY PLANS.—

''(1) IN GENERAL.—In determining a qualified employee's years of service under a legacy plan for purposes of this section, and in addition to any service under applicable regulations, the employee's years of service under a composite plan shall be treated as years of service earned under the legacy plan. For purposes of such determination, a composite plan shall not be treated as a defined benefit plan pursuant to section 801(d).

''(2) QUALIFIED EMPLOYEE.—For purposes of this subsection, an employee is a qualified employee if the employee first completes an hour of service under the composite plan (determined without regard to the provisions of this subsection) within the 12-month period immediately preceding or the 24-month period immediately following the date the employee ceased to accrue benefits under the legacy plan.

''(3) CERTIFICATION OF YEARS OF SERVICE.—For purposes of paragraph (1), the plan sponsor of the legacy plan shall rely on a written certification by the plan sponsor of the composite plan of the years of service the qualified employee completed under the composite plan after the employee satisfies the requirements of paragraph (2), disregarding any years of service that has been forfeited under the rules of the composite plan unless contrary to service records provided by the participant. In the case of a conflict, the plan sponsor shall evaluate the evidence and make a reasonable factual determination.''.

(B) INTERNAL REVENUE CODE OF 1986.—Section 411(a) of the Internal Revenue Code of 1986 is amended by adding at the end the following:

''(14) SPECIAL RULES FOR DETERMINING YEARS OF SERVICE UNDER COMPOSITE PLANS.—

''(A) IN GENERAL.—In determining a qualified employee's years of service under a composite plan for purposes of this subsection, the employee's years of service under a legacy plan shall be treated as years of service earned under the composite plan. For purposes of such determination, a composite plan shall not be treated as a defined benefit plan pursuant to section 437(d).

''(B) QUALIFIED EMPLOYEE.—For purposes of this paragraph, an employee is a qualified employee if the employee first completes an hour of service under the composite plan (determined without regard to the provisions of this paragraph) within the 12-month period immediately preceding or the 24-month period immediately following the date the employee ceased to accrue benefits under the legacy plan.

''(C) CERTIFICATION OF YEARS OF SERVICE.—For purposes of subparagraph (A), the plan sponsor of the composite plan shall rely on a written certification by the plan sponsor of the legacy plan of the years of service the qualified employee completed under the legacy plan as of the date the employee satisfies the requirements of subparagraph (B), disregarding any years of service that had been forfeited under the rules of the defined benefit plan before that date unless contrary to service records provided by the participant. In the case of a conflict, the plan sponsor shall evaluate the evidence and make a reasonable factual determination.

''(15) SPECIAL RULES FOR COMPUTING YEARS OF SERVICE UNDER LEGACY PLANS.—

''(A) IN GENERAL.—In determining a qualified employee's years of service under a legacy plan for purposes of this section, and in addition to any service under applicable regulations, the employee's years of service under a composite plan shall be treated as years of service earned under the legacy plan. For purposes of such determination, a composite plan shall not be treated as a defined benefit plan pursuant to section 437(d).

''(B) QUALIFIED EMPLOYEE.—For purposes of this paragraph, an employee is a qualified employee if the employee first completes an hour of service under the composite plan (determined without regard to the provisions of this paragraph) within the 12-month period immediately preceding or the 24-month period immediately following the date the employee ceased to accrue benefits under the legacy plan.

''(C) CERTIFICATION OF YEARS OF SERVICE.—For purposes of subparagraph (A), the plan sponsor of the legacy plan shall rely on a written certification by the plan sponsor of the composite plan of the years of service the qualified employee completed under the composite plan after the employee satisfies the requirements of subparagraph (B), disregarding any years of service that has been forfeited under the rules of the composite plan unless contrary to service records provided by the participant. In the case of a conflict, the plan sponsor shall evaluate the evidence and make a reasonable factual determination.''.

(2) REDUCTION OF BENEFITS.—

(A) EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 203(a)(3)(E)(ii) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(a)(3)(E)(ii)) is amended—

(i) in subclause (I) by striking ''4244A'' and inserting ''305(f), 803,''; and

(ii) in subclause (II) by striking ''4245'' and inserting ''305(f), 4245,''.

(B) INTERNAL REVENUE CODE OF 1986.—Section 411(a)(3)(F) of the Internal Revenue Code of 1986 is amended—

(i) in clause (i) by striking ''section 418D or under section 4281 of the Employee Retirement Income Security Act of 1974'' and inserting ''section 432(f) or 439 or under section 4281 of the Employee Retirement Income Security Act of 1974''; and

(ii) in clause (ii) by inserting ''or 432(f)'' after ''section 418E''.

(3) ACCRUED BENEFIT REQUIREMENTS.—

(A) EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 204(b)(1)(B)(i) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(b)(1)(B)(i)) is amended by inserting '', including an amendment reducing or suspending benefits under section 305(f), 803, 4245 or 4281,'' after ''any amendment to the plan''.

(B) INTERNAL REVENUE CODE OF 1986.—Section 411(b)(1)(B)(i) of the Internal Revenue Code of 1986 is amended by inserting '', including an amendment reducing or suspending benefits under section 418E, 432(f) or 439, or under section 4281 of the Employee Retirement Income Security Act of 1974,'' after ''any amendment to the plan''.

(4) ADDITIONAL ACCRUED BENEFIT REQUIREMENTS.—

(A) EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 204(b)(1)(H)(v) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(b)(1)(H)(v)) is amended by inserting before the period at the end the following: '', or benefits are reduced or suspended under section 305(f), 803, 4245, or 4281''.

(B) INTERNAL REVENUE CODE OF 1986.—Section 411(b)(1)(H)(iv) of the Internal Revenue Code of 1986 is amended—

(i) in the heading by striking ''BENEFIT'' and inserting ''BENEFIT AND THE SUSPENSION AND REDUCTION OF CERTAIN BENEFITS''; and

(ii) in the text by inserting before the period at the end the following: '', or benefits are reduced or suspended under section 418E, 432(f), or 439, or under section 4281 of the Employee Retirement Income Security Act of 1974''.

(5) ACCRUED BENEFIT NOT TO BE DECREASED BY AMENDMENT.—

(A) EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 204(g)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(g)(1)) is amended by inserting after ''302(d)(2)'' the following: '', 305(f), 803, 4245,''.

(B) INTERNAL REVENUE CODE OF 1986.—Section 411(d)(6)(A) of the Internal Revenue Code of 1986 is amended by inserting after ''412(d)(2),'' the following: ''418E, 432(f), or 439,''.

(g) CERTAIN FUNDING RULES NOT APPLICABLE.—

(1) EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 305 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1085), as amended by section 212(a) and as in effect before the amendments made by section 212 other than subsection (a) thereof, is further amended by adding at the end the following:

''(l) LEGACY PLANS.—This section and sections 302 and 304 shall not apply to an employer that has an obligation to contribute to a plan that is a legacy plan within the meaning of section 805(a) solely because the employer has an obligation to contribute to a composite plan described in section 801 that is associated with that legacy plan.''.

(2) INTERNAL REVENUE CODE OF 1986.—Section 432 of the Internal Revenue Code of 1986, as amended by section 211(a) and as in effect before the amendments made by section 211 other than subsection (a) thereof, is further amended by adding at the end the following:

''(l) LEGACY PLANS.—This section and sections 412 and 431 shall not apply to an employer that has an obligation to contribute to a plan that is a legacy plan within the meaning of section 440A(a) solely because the employer has an obligation to contribute to a composite plan described in section 437 that is associated with that legacy plan.''.

(h) TERMINATION OF COMPOSITE PLAN.—Section 403(d) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1103(d) is amended—

(1) in paragraph (1), by striking ''regulations of the Secretary.'' and inserting ''regulations of the Secretary, or as provided in paragraph (3).''; and

(2) by adding at the end the following:

''(3) Section 4044(a) of this Act shall be applied in the case of the termination of a composite plan by—

''(A) limiting the benefits subject to paragraph (3) thereof to benefits as defined in section 802(b)(3)(B); and

''(B) including in the benefits subject to paragraph (4) all other benefits (if any) of individuals under the plan that would be guaranteed under section 4022A if the plan were subject to title IV.''.

(i) GOOD FAITH COMPLIANCE PRIOR TO GUIDANCE.—Where the implementation of any provision of law added or amended by this Act is subject to issuance of regulations by the Secretary of Labor, the Secretary of the Treasury, or the Pension Benefit Guaranty Corporation, a multiemployer plan shall not be treated as failing to meet the requirements of any such provision prior to the issuance of final regulations or other guidance to carry out such provision if such plan is operated in accordance with a reasonable, good faith interpretation of such provision.

SEC. 505. EFFECTIVE DATE.

Unless otherwise specified, the amendments made by this title shall apply to plan years beginning after the date of the enactment of this title.

TITLE VI—FINANCIAL PROVISIONS

SEC. 601. ADDITIONAL PREMIUMS.

(a) INCREASE IN FLAT DOLLAR PREMIUM BEGINNING IN 2021.—Section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)) is amended—

(1) in subparagraph (A)—

(A) in clause (vi)—

(i) by inserting ''and before January 1, 2021,'' after ''2014,''; and

(ii) by striking ''or'' at the end;

(B) by moving the margins of clause (vii) 2 ems to the left;

(C) by redesignating clause (vii) as clause (ix); and

(D) by inserting after clause (vi) the following:

''(vii) in the case of a multiemployer plan, for plan years beginning in calendar year 2021, for each individual who is a participant in such plan during the plan year, the dollar amount in effect under clause (i) for plan years beginning in 2021,''.

(b) FLAT AND VARIABLE RATE PREMIUM FOR YEARS AFTER 2021.—Section 4006(a)(3)) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)), as amended by subsection (a), is further amended—

(1) by inserting after clause (vii) of subparagraph (A) the following:

''(viii) in the case of a multiemployer plan, for any plan year beginning after December 31, 2021, an amount for each individual who is a participant in such plan during the plan year equal to the sum of—

''(I) the premium rate applicable under clause (i)(VIII), plus

''(II) the additional premium (if any) determined under subparagraph (N) for the plan year, or''; and

(2) by adding at the end the following:

''(N)(i) The additional premium determined under this subparagraph with respect to any multiemployer plan for any plan year shall be an amount equal to the least of—

''(I) the amount determined under clause (ii) for the plan year divided by the number of participants in such plan as of the close of the preceding plan year;

''(II) 10 percent of the historic base contributions divided by the number of participants in such plan as of the close of the preceding plan year; or

''(III) $250.

''(ii) The amount determined under this clause for any plan year shall be an amount equal to $10 for each $1,000 (or fraction thereof) of the multiemployer unfunded vested benefits under the plan as of the close of the preceding plan year. For purposes of this clause, the term 'multiemployer unfunded vested benefits' means, for a plan year, the excess (if any) of—

''(I) the current liability of the plan as determined under section 304(c)(6)(D) by taking into account only vested benefits, over

''(II) the fair market value (as determined under section 304(c)(6)(A)(ii)(I)) of the plan assets for the plan year which are held by the plan as of the valuation date.

''(iii) For purposes of clause (i)(II), the term 'historic base contributions' means the average amount of the contributions, excluding any payments of withdrawal liability, to the plan required to be reported by the plan on Schedule MB of the 3 most recent Forms 5500 required to be filed before the date of enactment of this subparagraph.

''(iv) For each plan year beginning after December 31, 2022, there shall be substituted for the dollar amount of historic base contributions under clause (i)(II) and the dollar amount specified in clause (i)(III) an amount equal to the greater of—

''(I) the product derived by multiplying such dollar amount for plan years beginning in that calendar year by the ratio of—

''(aa) the national average wage index (as defined in section 209(k)(1) of the Social Security Act) for the first of the 2 calendar years preceding the calendar year in which such plan year begins, to

''(bb) the national average wage index (as so defined) for 2020, or

''(II) such dollar amount in effect for plan years beginning in the preceding calendar year.

If any amount determined under this clause is not a multiple of $1, such product shall be rounded to the nearest multiple of $1.''.

(c) ADDITIONAL PREMIUMS.—Section 4006(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)), as amended by this Act, is further amended by adding at the end the following:

''(10) ADDITIONAL PREMIUMS PAYABLE BY PARTICIPANTS AND BENEFICIARIES.—

''(A) IN GENERAL.—In addition to the amounts payable under paragraph (3), for plan years beginning after December 31, 2021, with respect to multiemployer plans, premiums shall be payable to the corporation with respect to participants and beneficiaries who are in pay status in accordance with this paragraph.

''(B) AMOUNTS PAYABLE.—Subject to subparagraphs (C), (D), and (E), the monthly amount payable by each participant or beneficiary who is in pay status is—

''(i) an amount equal to 3 percent of the participant's or beneficiary's aggregate monthly benefit, in the case of a plan in endangered status, as described in section 305(b)(2);

''(ii) an amount equal to 5 percent of the participant's or beneficiary's aggregate monthly benefit, in the case of a plan in critical status, as described in section 305(b)(3);

''(iii) an amount equal to 7 percent of the participant's or beneficiary's aggregate monthly benefit, in the case of a plan in critical and declining status (as described in section 305(b)(7)), a plan that became an insolvent plan after the date of enactment of this paragraph, or a plan that has been terminated under section 4041A or 4042 but is not insolvent, unless that plan is (or was) an original or successor plan pursuant to a special partition order under section 4233A; or

''(iv) notwithstanding clauses (i), (ii), or (iii), an amount equal to 10 percent of the participant's or beneficiary's aggregate monthly benefit, in the case of a plan which is (or was) an original or successor plan pursuant to a special partition order under section 4233A, regardless of the status of the original or successor plan.

''(C) COORDINATION WITH SUSPENSION OF BENEFITS.—In the case of any participant or beneficiary whose benefits are suspended under section 305(f)(9), the percentage of benefits payable under the applicable clause of subparagraph (B) with respect to the participant or beneficiary shall be reduced (but not below zero) by the percentage of benefits which were so suspended.

''(D) TREATMENT OF BENEFITS BASED ON DISABILITY.—No benefits—

''(i) based on disability (as defined by the plan), or

''(ii) of a participant or beneficiary who is entitled to a benefit under title II of the Social Security Act on the basis of a disability (as defined in section 223(d)(2) of such Act),

shall be included in the calculation of the participant's or beneficiary's aggregate monthly benefit for purposes of determining the payment due under subparagraph (B).

''(E) PHASEOUT OF PREMIUM FOR THOSE AGED 75 AND OLDER.—

''(i) IN GENERAL.—In the case of a participant or beneficiary who has attained or will attain at least 75 years of age in a plan year, the monthly amount payable by such participant or beneficiary for months during such plan year under this paragraph (determined without regard to this subparagraph) shall be reduced by the applicable percentage of such amount.

''(ii) APPLICABLE PERCENTAGE.— For purposes of clause (i), the applicable percentage for any month shall be determined in accordance with the following table:

"If the individual is, or will attain during the plan year, age:	The applicable percentage is:
75	20 percent
76	40 percent
77	60 percent
78	80 percent
79 or older	100 percent

''(F) METHODS OF COLLECTION.—The premiums payable under subparagraph (B) shall be collected by the plan from participants who are receiving benefits under the plan by deducting the amount of the premium from the benefits as and when paid, and holding such amounts in a separate account to be remitted to the corporation annually, as prescribed by regulations of the corporation. Amounts held in a separate account under this subparagraph shall not accrue interest, shall not be treated as assets of the plan, and shall not be commingled with any other assets of the plan.

''(G) PLAN AMENDMENTS.—The administrator of each multiemployer plan shall amend the plan documents to allow for deductions from benefits pursuant to this paragraph.

''(H) PREEMPTION.—This paragraph shall supersede any law of a State which would directly or indirectly prohibit or restrict an employer, plan, or labor organization from withholding or remitting premium amounts in accordance with this paragraph.

''(I) DETERMINATION OF PLAN STATUS.—

''(i) IN GENERAL.—Except as otherwise provided by the regulations issued pursuant to clause (ii), for purposes of determining premiums due under this paragraph, the plan's status shall be the status certified under section 305 for the first plan year beginning on or after January 1, 2021.

''(ii) SUBSEQUENT CHANGES IN STATUS.—The corporation shall issue regulations regarding the timing required for reflecting, in the amounts withheld, a revised plan status certified at a later date. In no event shall such regulations allow a delay of more than 90 days.

''(11) ADDITIONAL PREMIUMS PAYABLE BY EMPLOYERS AND LABOR ORGANIZATIONS.—

''(A) IN GENERAL.—In addition to the amounts payable under paragraph (3), for plan years beginning after December 31, 2021, with respect to multiemployer plans, premiums shall be payable to the corporation with respect to employers and labor organizations in accordance with this paragraph.

''(B) EMPLOYERS.—The monthly amount payable by employers, for each employee participating in the plan (as determined under subparagraph (D)) during that month is—

''(i) $1 in the case of a plan in unrestricted status pursuant to section 305(b)(1)(B), or $1.50 in the case of a plan in stable status pursuant to section 305(b)(1)(A), but only if the plan is not an original plan or a successor plan within the meaning of section 4233A; and

''(ii) $2.50 in any other case.

''(C) LABOR ORGANIZATIONS.—The monthly amount payable by labor organizations, for each member paying dues and participating in the plan (as determined under subparagraph (D)) during that month is—

''(i) $1 in the case of a plan in unrestricted status pursuant to section 305(b)(1)(B), or $1.50 in the case of a plan in stable status pursuant to section 305(b)(1)(A), but only if the plan is not an original plan or a successor plan within the meaning of section 4233A; and

''(ii) $2.50 in any other case.

''(D) PERSONS PARTICIPATING IN THE PLAN.—For purposes of subparagraphs (B) and (C), an employee or member participating in the plan during any month is a person with respect to whom the employer had an obligation to contribute to the plan under the terms of a collective bargaining agreement or other participation agreement for that month.

''(E) REMITTANCE.—Premiums required under subparagraph (B) or (C) shall be remitted to the plan monthly and held in a separate account until remittance, as prescribed in subparagraph (F). In the case of a participant or beneficiary on whose behalf more than one employer contributed during a month, the plan may elect to apportion the monthly amount to the employers on a proportional basis. Amounts held in a separate account under this subparagraph shall not accrue interest, shall not be treated as assets of the plan, and shall not be commingled with any other assets of the plan.

''(F) SUBMISSION TO THE CORPORATION.—Each plan shall submit the premiums under subparagraph (E) to the corporation, on an annual basis, as prescribed by regulations of the corporation.

''(G) DETERMINATION OF PLAN STATUS.—

''(i) IN GENERAL.—Except as otherwise provided by the regulations issued pursuant to clause (ii), for purposes of determining premiums due under this paragraph, the plan's status shall be the status certified under section 305 for the first plan year beginning on or after January 1, 2021.

''(ii) SUBSEQUENT CHANGES IN STATUS.—The corporation shall issue regulations regarding the timing required for reflecting, in the amounts due, a revised plan status certified at a later date. In no event shall such regulations allow a delay of more than 90 days.''.

(d) PAYMENT OF PREMIUMS.—

(1) APPLICABILITY OF PREMIUMS.—Section 4007(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1307(b)) is amended by adding at the end the following:

''(3)(A)(i) The following plans shall not owe a variable rate premium determined under section 4006(a)(3)(N):

''(I) An insolvent plan that has commenced receiving financial assistance.

''(II) A plan which is certified by the plan actuary under section 305 as being in unrestricted status pursuant to section 305(b)(1)(B), and which is not an original plan within the meaning of section 4233A.

''(III) With respect to plan years beginning before January 1, 2025, a plan which is certified by the plan actuary under section 305 as being in stable status pursuant to section 305(b)(1)(A), and which is not an original plan within the meaning of section 4233A.

''(ii) An insolvent plan that has commenced receiving financial assistance shall not owe the flat rate premium under section 4006(a)(3)(A)(viii)(I).

''(B) In the case of a special partition under section 4233A, the original plan shall calculate and remit premiums under section 4006 as if the original plan and successor plan were one plan and the successor plan shall not be required to remit any such premiums.

''(4) Paragraph (1) shall apply to the additional premiums required by section 4006(a)(10) and (11).''.

(2) AUTHORIZED CIVIL ACTIONS.—Section 4007(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1307(c)) is amended by inserting after the first sentence the following: ''The corporation is authorized to bring a civil action to prevent or correct any action by a designated payor, if a principal purpose of the action by the designated payor is to evade or avoid the payment of premiums, and the corporation shall be authorized to recover the amount of premium that should have been paid by such payor, plus a late payment penalty and interest.''.

(e) REPORTING ON PREMIUM INCREASES AND GUARANTEE REDUCTIONS.—Section 4008 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1308) is amended by adding at the end the following:

''(c) Beginning with the report for fiscal year 2025, if the corporation projects in its reporting under this section that the corporation's multiemployer plan program will not remain solvent for at least 10 years after the date of the report, the corporation shall include in the report a recommendation for a balanced combination of premium increases and guarantee reductions needed to ensure solvency for the next 20 years without respect to any loans under section 4005. Such recommendations shall be automatically adopted at the beginning of the next fiscal year unless Congress takes other action.''.

(f) DELINQUENT CONTRIBUTIONS.—

(1) IN GENERAL.—Section 515 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1145) is amended—

(A) by striking ''**CONTRIBUTIONS**.—Every'', and inserting ''**CONTRIBUTIONS AND PREMIUMS**.—

''(a) IN GENERAL.—Every'', and

(B) by adding at the end the following new subsection:

''(b) PREMIUMS.—Every employer or labor organization which is obligated to remit premiums with respect to a multiemployer plan under section 4006 shall remit such premiums to the plan in accordance with the terms of the plan and regulations issued by the corporation.''.

(2) CIVIL ENFORCEMENT.—Section 502(g)(2)(A) of such Act (29 U.S.C. 1132(g)(2)(A)) is amended by striking ''contributions,'' and inserting ''contributions or premiums,''.

SEC. 602. FUNDING.

(a) LOANS TO THE CORPORATION FOR THE FUND TO PAY BASIC BENEFITS.—Section 4005 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1305) is amended by adding at the end the following:

''(i)(1) The corporation may borrow from the Secretary of the Treasury such funds as are necessary to pay basic benefits guaranteed under section 4022A or expenses related to the corporation's multiemployer plan program if the balance of assets in the revolving fund established under subsection (a) for purposes of paying such benefits is $500,000,000 or less within that year. The corporation may invest amounts so borrowed in accordance with subsection (b)(3)(A).

''(2) Amounts borrowed under this subsection shall be—

''(A) issued at an annual interest rate of 0 percent; and

''(B) repaid by the corporation—

''(i) beginning 20 years after the date on which the loan is issued;

''(ii) over a period of not more than 20 years from commencement of repayment; and

''(iii) out of the fund established under subsection (a) to pay basic benefits guaranteed under section 4022A.

''(3) The corporation shall notify the Committee on Health, Education, Labor, and Pensions and the Committee on Finance of the Senate and the Committee on Education and Labor and the Committee on Ways and Means of the House of Representatives within 14 days of requesting a loan under this subsection.

''(4) Beginning on January 1, 2021, if, as of the close of any calendar year the outstanding balance of the loans provided to the corporation during the previous year under this subsection exceeded $2,000,000,000, the multiemployer flat-rate premium rates applicable under section 4006(a) solely for plan

years beginning in the immediately succeeding calendar year shall be increased by 20 percent.''.

(b) STUDY ON FUNDING FOR BASIC BENEFIT GUARANTEE.—Section 4022A(f) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1322a(f)) is amended—

(1) by striking ''Committee on Labor and Human Resources'' each place such term appears and inserting ''Committee on Health, Education, Labor, and Pensions'';

(2) in paragraph (1)(A)—

(A) in clause (i), by striking '', and'' and inserting a semicolon; and

(B) by inserting after clause (ii) the following:

''(iii) whether the Corporation projects that the loans issued under section 4005(i) will be repaid in accordance with the schedule set forth in paragraph (2)(B) of such section; and'';

(3) in paragraph (2)—

(A) in subparagraph (A)—

(i) in the matter preceding clause (i), by inserting ''and repayment of loans under section 4005(i)'' after ''multiemployer plans''; and

(ii) in clause (ii), by inserting '', and repayment of any loans issued under section 4005(i)'' before the comma at the end; and

(B) in subparagraph (C), by striking ''second''; and

(4) in paragraph (3)(A)(ii), by inserting ''and repayment of loans issued under section 4005(i)'' before the period.

SEC. 603. COMPOSITE PLAN TRANSITION FEE.

(a) IN GENERAL.—Section 4006(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)), as amended by this Act, is further is amended by adding at the end the following:

''(12) COMPOSITE PLAN TRANSITION FEE.—Notwithstanding paragraph (9), in any year after 2024, a composite plan (as defined in section 801(a)) shall remit to the legacy plan (within the meaning of section 805) $15 per participant that is not also a participant in the legacy plan. The legacy plan shall remit such amount to the corporation in addition to its premiums otherwise required under this section.''.

(b) CONFORMING AMENDMENT.—Section 4007(b)(4) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1307(b)(4)), as added by section 601, is amended by inserting '', and the transition fees required by section 4006(a)(12)'' before the period.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 804—EXPRESSING THE SENSE OF THE SENATE THAT THE UNITED STATES SHOULD INITIATE NEGOTIATIONS TO ENTER INTO A FREE TRADE AGREEMENT WITH TAIWAN

Mr. TOOMEY (for himself, Mr. COTTON, Mr. LANKFORD, Mr. CRAMER, Mr. HOEVEN, Mr. YOUNG, Mrs. HYDE-SMITH, Mr. SASSE, Mr. CORNYN, Mrs. BLACKBURN, Mr. BOOZMAN, Mr. WICKER, Mr. RUBIO, Mr. TILLIS, Mr. JOHNSON, Mr. CRUZ, Mr. INHOFE, Mr. KENNEDY, Mrs. FISCHER, Mr. BRAUN, Mr. SCOTT of South Carolina, Mr. ROUNDS, Mr. DAINES, Mr. BARRASSO, Mrs. CAPITO, and Mr. LEE) submitted the following resolution; which was referred to the Committee on Finance:

S. RES. 804

Whereas, pursuant to section 2(b)(1) of the Taiwan Relations Act (22 U.S.C. 3301(b)(1)), it is the policy of the United States to ''promote extensive, close, and friendly commercial, cultural, and other relations between the people of the United States and the people on Taiwan'';

Whereas the friendship between the United States and Taiwan is based on a shared commitment to individual and economic freedom, shared values, and an appreciation for the blessings of liberty and democracy;

Whereas the United States and Taiwan enjoy a robust trade partnership, marked by the exchange of goods and services and international travel;

Whereas Taiwan has shown an interest in strengthening its economic relationship with the United States by investing in technology manufacturing facilities located within the United States and agreeing to lift restrictions on the importation of certain United States agricultural products;

Whereas Taiwan has demonstrated a commitment to protecting intellectual property and individual freedom by serving as a leader in the responsible development of technology, as evidenced through a Joint Declaration on 5G Security announced between the American Institute in Taiwan and the Taipei Economic and Cultural Representative Office in August 2020;

Whereas Taiwan has played an integral role in the global supply chain during the coronavirus disease 2019 (commonly known as ''COVID–19'') pandemic, producing mass amounts of masks at the time when masks were most scarce and ensuring that this critical tool was available to individuals around the world;

Whereas the United States has consistently supported peaceful relations between Taiwan and the People's Republic of China, and respected the provisions of both the Taiwan Relations Act (22 U.S.C. 3301 et seq.) and the Six Assurances offered by President Ronald Reagan to Taiwan in 1982;

Whereas the People's Republic of China has shown a hostility to Taiwan, aggressively asserting its military power, using coercive economic measures to keep Taiwan economically dependent on the People's Republic of China, and seeking to isolate Taiwan from the rest of the world;

Whereas the policy of the United States is to advance a free and open Indo-Pacific region, and achieving that vision must include working with like-minded countries in the region to liberalize trade;

Whereas the United States is currently Taiwan's 2nd largest trading partner, and Taiwan is the 10th largest trading partner of the United States in goods and 11th largest trading partner overall;

Whereas Taiwan has been a member of the World Trade Organization since 2002;

Whereas bilateral trade in goods between Taiwan and the United States increased from $62,000,000,000 in 2010 to $86,000,000,000 in 2019, according to the United States Census Bureau;

Whereas Taiwan's foreign direct investment stock in the United States was $11,100,000,000 as of 2019;

Whereas trade with Taiwan supports an estimated 208,000 United States jobs according to estimates of the United States Department of Commerce as of 2015;

Whereas closer engagement with Taiwan through trade negotiations would encourage even greater access to Taiwan's market and would benefit both security and economic growth for the United States, Taiwan, and the Indo-Pacific region;

Whereas it is essential that a free trade agreement negotiated between the United States and Taiwan lower tariff and nontariff barriers to trade, including meaningfully expanded access to agricultural markets and ensuring that science-based standards govern international trade in animals and animal products;

Whereas the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 (19 U.S.C. 4201 et seq.) enables the President to negotiate reciprocal reductions of nontariff barriers while preserving the authority of Congress over foreign trade as required by section 8 of article I of the Constitution of the United States;

Whereas the procedures laid out in the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 were designed by Congress to maintain the sovereignty of Congress over trade; and

Whereas, for legislation implementing a trade agreement to qualify for trade authorities procedures under the Bipartisan Congressional Trade Priorities and Accountability Act of 2015, the trade agreement is required to make progress toward achieving the applicable objectives, policies, and priorities set forth by Congress in that Act, and failure by the administration of a President to adhere to the trade negotiating objectives and notification and consultation requirements established by Congress renders a trade agreement ineligible for fast-track consideration: Now, therefore, be it

Resolved, That it is the sense of the Senate that the United States should initiate negotiations to enter into a free trade agreement with Taiwan.

SENATE RESOLUTION 805—PROVIDING FOR STAFF TRANSITION FOR A SENATOR IF THE RESULTS OF THE ELECTION FOR AN ADDITIONAL TERM OF OFFICE OF THE SENATOR HAVE NOT BEEN CERTIFIED

Mr. BLUNT submitted the following resolution; which was considered and agreed to:

S. RES. 805

Resolved,

SECTION 1. STAFF TRANSITION IF ELECTION RESULTS NOT CERTIFIED.

Section 6 of Senate Resolution 458 (98th Congress), agreed to October 4, 1984, is amended—

(1) in subsection (a)—

(A) in paragraph (3)(A)—

(i) in clause (i), by striking ''or'' at the end;

(ii) in clause (ii)—

(I) by striking ''but only''; and

(II) by adding ''or'' at the end; and

(iii) by adding at the end the following:

''(iii) in an office of a Senator on the expiration of the term of office of such Senator as a Senator, if the Senator was a candidate in the general election for the next term of office and the office is not filled at the commencement of that next term,''; and

(B) in paragraph (4)—

(i) in subparagraph (A)(ii), by striking ''paragraph (3)(A)(ii)'' and inserting ''clause (ii) or (iii) of paragraph (3)(A)''; and

(ii) in subparagraph (B), by striking ''not later than 60 days after the date of the change or expiration of term of office, whichever is applicable,'' and inserting ''not later than 60 days after the date of the change for an eligible staff member described in clause (i) of paragraph (3)(A), or after the expiration of the term of office of the supervising Senator for an eligible staff member described in clause (ii) or (iii) of paragraph (3)(A),'';

(2) in subsection (c)(1)—