



# Eighth District Electrical Fringe Benefit Funds



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## EIGHTH DISTRICT ELECTRICAL PENSION FUND

### Notice of Election of Special Funding Rules Under the American Rescue Plan Act of 2021

January 18, 2022

The purpose of this notice is to advise you that on December 15, 2021 the Board of Trustees of the Eighth District Electrical Pension Fund (“Plan”) elected to take advantage of certain special funding rules available under the American Rescue Plan Act of 2021 (“ARP”). These rules were put in place by the Federal government to help multiemployer pension plans respond to the investment losses suffered in March 2020 due to the initial economic impact of COVID-19 lockdowns. As a plan with an April 1 measurement date, this event had a significant impact on our April 1, 2020 measurements.

#### **Explanation of Special Funding Rules Elected by the Trustees**

The Trustees have elected to use the special amortization rule under the ARP.

***Extended amortization of COVID-19 loss.*** Federal law requires that once experience losses are recognized by the asset smoothing method, they must be paid for (amortized) over a 15-year period for minimum funding purposes. By electing to use the special amortization rule under the ARP for the 2020 plan year, the portion of the Plan’s COVID-19 loss recognized on April 1, 2020 will be amortized over a 29-year period instead of a 15-year period. This relief will also apply for the 2021, 2022 and 2023 plan years. Losses in these years will be amortized over 29 years from April 1, 2020, until the final piece is recognized on April 1, 2023.

#### **Effect of the Application of the Special Funding Rules**

The special funding rules will decrease the amount of annual contributions needed to meet minimum contribution requirements under the law. The special funding rules may also affect the Plan’s zone status under Section 432(b) of the Internal Revenue Code in future years (the Plan was certified in the “green zone” for the plan year beginning April 1, 2021 even without the funding relief election). You will continue to receive annual funding notices that give you information about the Plan’s funding status.

#### **Future Benefit Improvements Restricted by Special Funding Rules**

Under the ARP, the Trustees cannot adopt a plan amendment that increases benefits during either of the two plan years following a plan year in which funding relief applies. An exception is provided if the amendment is required as a condition of continued qualification under the Internal Revenue Code, or if the Plan’s actuary certifies that (i) the benefit increase is paid for by additional contributions and (ii) with those contributions, the benefit increase is not reasonably expected to reduce the plan’s funded percentages and credit balances.

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[www.8thDistrictBenefits.org](http://www.8thDistrictBenefits.org)

Based on the funding relief elected by the Trustees (as described above), the restriction period on benefit increases will end on March 31, 2026, unless the Trustees opt out of relief for future plan years.

**Where to get more information**

For more information about this notice, you may contact the Administrative Office as follows:

Mathew Wenner  
BeneSys, Inc.  
PO Box 30751  
Salt Lake City, UT 84130

(844) 989-2321

For identification purposes, the Plan's official plan number is 001 and the Plan sponsor's Employer Identification Number or "EIN" is 84-6100393.