



Relief in CARES Act for DB Plan Sponsors

The Coronavirus Aid, Relief, and Economic Security Act, or “CARES Act”, was signed into law on March 27th. This Act represents the largest financial and economic rescue package in U.S. history.

Included among the Act’s provisions are three provisions aimed to ease the impact of recent market turmoil on defined benefit plan sponsors:

1

Any contribution otherwise due to a pension plan during calendar year 2020 may be deferred until January 1, 2021. This includes 2020 quarterly contributions as well as any remaining required contributions for the prior plan year due in 2020.

2

For the calculation of the adjusted funding target attainment percentage, or “AFTAP” – the measure used to determine if benefit restrictions apply to a plan – a plan sponsor may elect to use its AFTAP from the last plan year ending before January 1, 2020, as its AFTAP for “plan years which include calendar year 2020.”

3

The Act included language expanding the authority of the Department of Labor to postpone deadlines of notices and filings required by ERISA.

Open Questions

The language in the Act is quite limited, and so we expect that guidance will be needed to help interpret the provisions, and address some of the downstream implications of these. For instance:

- *“Does the deferral of contribution due dates mean that 5500 filings will also be deferred?”*
- *“How are contributions not made by October 15th to be treated – if at all – in the PBGC variable rate premium calculation?”*
- *“Will the DOL use its additional authority to move back required dates that certain notices are needed to be provided, such as the Annual Funding Notice?”*
- *“What does “plan years which include calendar year 2020” mean?”*

For answers on how these provisions could impact your specific plan(s), you may contact [Fidelity Workplace Consulting](#). We are here to help.

