

CONTRACTOR PENSION MANAGEMENT PLAN INFORMATION (PMP) REQUEST

Contracting officers should request contractors to provide DOE the following information no later than January 31, 2021 via the iBenefits system.

The Pension Management Plan shall include:

- 1) A discussion of the Contractor's plans for management and administration of each defined benefit (DB) pension plan for which the Department has a continuing obligation to reimburse pension contributions consistent with the terms of the applicable Contract;
- 2) Contributions for the current year and projected contributions for six years on a plan year and DOE fiscal year basis on the following bases:
 - a) The minimum required contribution after reflecting any existing credit, carryover and/or prefunding balance.
 - b) The contractor's preferred alternative funding scenario that may include contributions in excess of minimum required contribution. The overall goal of the alternative scenario should be to reduce the financial risk of the plan to the DOE. Specific DOE goals for the alternative scenario would include:
 - Avoiding volatility in future contribution levels to support stable budgeting, including smoothing the impact of the upcoming expiration of temporary funding relief;
 - Achieving full funding levels sooner to permit the employment of de-risking investment strategies;
 - Reducing the likelihood of future benefit restrictions.

Alternative scenarios should include a narrative description of the rationale for the scenario.

Additional program office specific instructions:

- (i) **NNSA contractors** should limit their alternative funding scenario to the plan's Normal Cost.
 - (ii) **EM contractors** should propose an alternative funding level scenario between 2021 and 2027 plan years that achieves the best overall health of each plan. This may be a funding level that will achieve a 100% funded status, or another funding example that achieves a satisfactory level according to the Plan's fiduciaries.
- c) The third scenario is **no** longer required.
 - d) Contractors are welcome to provide additional information as a supplemental attachment if this information better represents the contractor's funding philosophy and/or funding position of the plan¹.

¹ This includes the option to provide years of projection beyond 2027 in the template if such information is needed to explain the contractor's preferred funding strategy or note any identified future financial risks relating to the plan.

- 3) The actuarial methods and assumptions underlying the projections, including a description of how the interest rates for the projection period were determined and a description of the mortality table used;
- 4) Information on any changes or proposed changes to the plan, including any changes made or expected to be made as the result of nondiscrimination testing;
 - a) The long term strategy to de-risk the plan; for example, changes to the investment portfolio such as a glide path for the assets shifting from return-seeking investments to liability-hedging investments; planned settlements of the liabilities by offering lump sum windows to terminated vested participants or making annuity purchases or implementing other risk-transfer strategies; a plan design change that shifts or reduces the plan sponsor's risk; or making or accelerating additional contributions to reduce PBGC premiums, mitigate contribution volatility, enable risk transfer strategies, or trigger investment portfolio changes; and/or any changes to the de-risking strategy from that submitted in the 2020 Pension Management Plan;
- 5) A detailed justification, if any funding request proposes a contribution in excess of the minimum required contribution (an alternative funding strategy). If departmental element approval has been obtained prior to the submission of the management plan, attach a copy of that approval as well.
- 6) The asset mix and indicate if any changes are being considered.
- 7) The amount of the total investment fees as a percent of the assets.
- 8) Indicate if the plan sponsor filed for voluntary correction under EPCRS for this plan since the last PMP. If yes, when and to correct what defect(s)? Attach the application for correction and the IRS final response, if received, using one of the supplemental attachment slots provided on the iBenefits form.
- 9) Actual PBGC premiums for the most recent year and estimates for the next three years.
- 10) Copies of the following documents to the iBenefits form:
 - a) the actuarial valuation report for the most recent plan year if not provided during the first quarter data call for FY 2021
 - b) the 2020 plan year PBGC premium form and 4010 filing (if applicable);
 - c) copies of plan documents, plan amendments, investment policies and IRS determination letters if there have been any changes since the last PMP was submitted;
 - d) copies of any asset liability studies or experience studies if any have been performed since the last PMP.
- 11) Benefit Restrictions and Endangered Status
 - a) If the plan is a single employer plan subject to ERISA funding requirements and the plan's Funding Target Attainment Percentage is estimated to be less than 85% for the 2021 plan year, provide information regarding benefit restrictions including the benefits that could be affected and the estimated number of people that might be affected.
 - b) If the plan is a multiemployer plan and the ratio of the actuarial value of the assets to the present value of accrued benefits is estimated to be less than 85% for the 2021 plan year, provide an explanation regarding the potential impact to the plan's future funding requirements in the event the plan enters endangered status.

- c) If the plan is a multiemployer plan, please provide estimate of what status the plan is expected to be for the 2021 plan, critical, endangered, no
- 12) Any modelling or other analysis performed to assess the potential impacts to the plan of asset return or interest rate shocks. Include any analysis performed to assess the impact of recent market corrections.
 - 13) If the plan is not required to perform nondiscrimination testing, for example; it is a public plan, the plan only covers bargaining unit employees, no highly compensated employees (HCEs) participate in the plan, or the plan has been amended to freeze benefits for HCEs; state the reason the plan is not required to test and skip items (14) and (15). If the benefits for HCEs were frozen, provide the effective date of the freeze.
 - 14) Identify any issues that have recently occurred or that may be projected to occur in the next 18 months that could cause the plan to be deemed non-qualified to include failing coverage, nondiscrimination requirements, etc. Describe any preliminary nondiscrimination testing that has been conducted with respect to the current Plan Year and any action plans for achieving favorable testing results now and in the future.
 - 15) If the plan is closed to new entrants while HCEs continue to accrue benefits, discuss the impact of the SECURE Act on testing. State whether or not the plan qualifies for testing relief due to the SECURE Act or if it has yet to be determined. If the SECURE Act relief does not apply, provide the approximate length of time the plan is expected to continue to pass testing. If the plan is projected to fail, provide the year is the plan projected to fail? If the plan is closed, provide the projected time period until the plan will need to be frozen. Include the general lag time between a testing year and the date a test is done.

An iBenefits data call is being issued to collect the Pension Management Plan information on DB Plans. A spreadsheet with projections should be completed for each DB Plan included in the data call. Contractor representatives shall have a conference call with DOE to discuss the PMP Plan unless they are advised by DOE that no call is required this year.

Questions regarding iBenefits may be directed to Anne Button at anne.button@hq.doe.gov. Any other questions may be directed to Martin McCaulay at martin.mccaulay@hq.doe.gov; or within NNSA to Karen Hart at Karen.Hart@nnsa.doe.gov.