

ARPA Relaxes Funding Requirements for Single Employer Defined Benefit Pension Plans

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Section 9705 of the American Rescue Plan Act of 2021 (**ARPA**) extends the amortization period for prior year shortfalls from seven to 15 years, beginning with the 2022 plan year (or, at the election of the plan sponsor, the 2019, 2020, or 2021 plan year). Section 9706 of the ARPA both modifies and extends the funding stabilization percentages for single employer defined benefit pension plans through 2029 and allows plan sponsors to elect whether to have these modified percentages apply for all purposes or solely for the purpose of determining the plan's adjusted funding target attainment percentage. The plan sponsor may further elect whether to apply the modified percentages beginning with the 2020, 2021, or 2022 plan year.

The ARPA is available [here](#).