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Extended interest rate relief now law

By Margaret Berger and Geoff Manville
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Single-employer defined benefit plan sponsors will enjoy another five years of funding interest rate relief, now that President Biden has signed the Infrastructure Investment and Jobs Act (IIJA) (Pub. L. No. 117-58). The law extends the relief enacted earlier this year in the American Rescue Plan Act (ARPA) (Pub. L. No. 117-2), which narrowed the former 10% interest rate corridor around stabilized rates to 5% and kept it in place until 2025. Under IIJA's extended relief, the corridor will remain in place through 2030, then widen by 5 percentage points each year until reaching 30% in 2035, rather than in 2030 as under ARPA.

The law makes no changes to the rest of ARPA's pension funding relief nor any adjustments to PBGC premium rates. Congress continues to consider more retirement changes in the Build Back Better Act (HR 5376) and other pieces of pending legislation, including the Retirement Improvement and Savings Enhancement Act (HR 5891), approved Nov. 10 by the House Committee on Education and Labor.

Related resources

Non-Mercer resources

- Pub. L. No. 117-58, the Infrastructure Investment and Jobs Act (Congress, Nov. 15, 2021)
- Pub. L. No. 117-2, the American Rescue Plan Act of 2021 (Congress, March 11, 2021)

Mercer Law & Policy resources

- House retirement bill advances, seeks scrutiny of pension risk transfers (Nov. 15, 2021)
- Extended pension interest rate relief to become law, other reforms pending (Nov. 8, 2021)
- A user's guide to implementing ARPA's DB funding relief (Aug. 20, 2021)

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