

Local 138 Pension Trust Fund

2151 MARION PLACE
BALDWIN, NY 11510



August 11, 2021

BY E-MAIL

Daniel S. Liebman, Esq.
Deputy General Counsel
Regulatory Affairs Division
Office of the General Counsel
Pension Benefit Guaranty Corporation
1200 K Street, NW
Washington D.C. 20005

Re: Local 138 Pension Trust Fund
Interim Final Rule on Special Financial Assistance (RIN 1212 -AB53)

Dear Mr. Liebman:

I am writing on behalf of the Board of Trustees of the Local 138 Pension Trust Fund. The Fund will soon file an application for Special Financial Assistance. The Fund is due to be insolvent in several months. The Fund's application is being prepared in accordance with the Interim Final Rule referenced above. And this letter is a comment on certain requirements in the Rule.

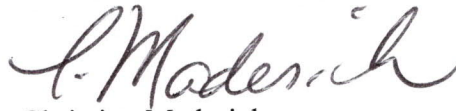
The maximum financial assistance that the Fund can request will provide for no more than 20 years of benefits. This result is contrary to what is promised by the statute. Under the statute, the Fund is entitled to assistance that will provide for 30 years of benefits (through 2051.) The reason for the shortfall is the disparity between the assumed interest rate that can be used in the projections and the permissible investments. Many of the comments you have already received identify this flaw in the Rule. The Fund endorses those comments.

The Rule limits investments to investment grade bonds. Such instruments will only achieve returns of about 2% per year. But the Rule also specifies the interest rate assumption used to determine the financial assistance be the one used in the most recent zone status certification completed prior to January 1, 2021. This assumed rate expected a higher return. Due to the low yields on investment-grade bonds, it will be impossible for the Fund to meet that expected investment return.

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Many comments asked the PBGC to permit the use of an assumed rate that reflected the actual investment return given the investment limitation. And they also suggested that the available investment options be expanded. Both are worthwhile considerations, which should be taken into account in revising the Interim Rule.

On Behalf of the Board of Trustees
Local 138 Pension Trust Fund

A handwritten signature in black ink, appearing to read "C. Maderich". The signature is fluid and cursive, with a large initial "C" and a stylized "M" and "A".

Christina Maderich
Fund Manager

cc: Board of Trustees