

Glossary of Terms Used in the AERP Annual Funding Notice

Bipartisan Budget Act of 2015 (BBA 2015) – This law, in effect on November 2, 2015, updates the HATFA '14 (see below) funding stabilization provisions. The funding corridor will remain at 10% through the 2020 plan year.

Current Liabilities – It is the pre-2008 present value of plan benefits earned at the beginning of the Plan Year determined on an IRS-prescribed interest and mortality assumptions.

Credit Balance– This is the cumulative contributions, including interest, in excess of minimum required contribution under ERISA.

Fair Market Value of Assets – See “Plan Assets”.

Funding Standard Account Carryover Balance (COB) – This is the credit balance attributable to pre-2008 excess contributions. Carryover balances have advantages over prefunding balances in that carryover balances are not deducted from assets for certain funding percentages (eligibility to use credits and exemption from shortfall amortization bases). However, carryover balances must be used or waived before prefunding balances are used or waived.

Funding Target Attainment Percentage (FTAP) – This is a measure of the plan’s funded status. It is the percentage of Net Plan Assets over the Plan Liabilities.

Funding Target – This is the present value of plan benefits earned at the beginning of the Plan Year. It is determined based on IRS-prescribed interest and mortality assumptions.

Highway and Transportation Funding Act of 2014 (HATFA'14) – This law, in effect on August 8, 2014, extends the MAP-21 (see below) funding stabilization provisions through 2020. The corridor remains at 10% through the 2017 plan year and widens to 15% in 2018, 20% in 2019, 25% in 2020 and 30% for plan years thereafter.

Moving Ahead for Progress in the 21st Century Act (MAP-21) – This law, in effect on July 6, 2012, stabilizes the segment rates for plan years beginning in 2012. Under the new law, each segment interest rate is limited to be within 10% of the 25-year average segment rate for the 2012 plan year. The corridor widens to 15% in 2013, 20% in 2014, 25% in 2015 and 30% for plan years thereafter.

Net Plan Assets – These are the Plan Assets minus the Funding Standard Account Carryover Balance and Prefunding Balances.

Plan Assets – This figure represents the fair value of plan assets. Receivable contributions are discounted back to the valuation date at the prior year effective interest rate.

Plan Liabilities – See “Funding Target”.

Plan Year – It is the period from October 1 through September 30 of the following year.

Prefunding Balance (PFB) – This is the credit balance attributable to post-2007 excess contributions which the sponsor has elected to add to the PFB. This balance was \$0 at the beginning of 2008.