PENSION RIGHTS
CENTER

PROTECTING AND PROMOTING RETIREMENT SECURITY
1350 Connecticut Ave., NW, Suite 206 | Washington, DC 20036-1739
P: 202-296-3776 | F: 202-833-2472 | www.pensionrights.org

December 3, 2014

Dear Representative:

The Pension Rights Center, a national consumer organization working to protect the retirement security of all Americans, is writing today to urge you to **oppose any provisions that would give multiemployer plan trustees the ability to cut the hard-earned pension benefits of their retirees.** Such a measure, proposed as a purported solution to shore up certain financially-troubled multiemployer plans, would be devastating to the retirees and widows who count on their pensions to survive.

According to the 2014 Annual Report released by the Pension Benefit Guaranty Corporation (PBGC) last month, the majority of the 1,400 multiemployer plans operating today are adequately funded. The report projects that within the next 20 years about 10 to 15 percent of these plans *could* run out of money, if nothing is done. While the Pension Rights Center believes that action should be taken to help these plans continue, there is ample time for Congress to develop solutions that are sensible and fair. **In the waning days of the 113rd Congress, we urge you not to rush to support the ill-conceived proposal put forth by the National Coordinating Committee for Multiemployer Plans, which would allow trustees to cut retirees' benefits.**

The Employee Retirement Security Act (ERISA), the federal law that governs private pensions, provides retired plan participants and their families with the strongest legal protections, reflecting a commitment to retirees who depend on their pensions to pay for food, medical care, housing, and other necessary expenses. In many cases, the pension makes the difference between a retiree's financial security and poverty. Thus ERISA requires that, when a multiemployer plan is facing difficulties, plan assets must be used first to pay benefits of those who are already retired. It is only when those plan assets are totally depleted, that the PBGC steps in and benefits are reduced to the guarantee levels.

The NCCMP proposal would dramatically change this protocol and allow plans to slash retiree benefits while they are still solvent. This is wrong and should be opposed. Retirees did not cause the plans to be underfunded, and in most cases the plans were well funded when they left employment.

Allowing retirees' benefits to be cut will undermine both the spirit and the letter of ERISA. It would lead to dramatic reductions in retirees' hard-earned pensions today in order to preserve plans that may – or may not – become insolvent in decades to come, when many of the current retirees who gave up wages to earn their pensions will not be alive. **It is unfair to allow multiemployer plans to balance their books on the backs of those who have everything to lose and nothing to gain from this proposal.**

Furthermore, we are concerned that allowing multiemployer plans to break promises to retirees will set a dangerous precedent, leading to similar cuts in single-employer plans and undermining other retirement security promises. How much longer before workers and retirees understandably lose faith in the entire system?

Certainly, steps must be taken to address severely underfunded multiemployer plans. However, common-sense measures that are less draconian than cutting the already-modest pensions of older retirees should be considered, such as facilitating mergers and partitions and raising PBGC premiums to allow the agency to better assist plans.

We urge Congress to reject any efforts to reverse decades of retiree protections in the rushed days of this lame-duck session. Once the 114th Congress convenes, the appropriate committees can take up the issue of underfunded multiemployer plans in a way that allows for public participation. Before current retirees are sacrificed on the altar of alarmist financial expediency, they should be given every opportunity to share their concerns with their elected representatives in an open, public process.

Karen Ferguson
Director

Karen Friedman
Executive Vice President and
Policy Director