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Multiemployer Plans

Central States Fund Alerts Participants To Potential Pension Reductions

Central States, Southeast and Southwest Area Pension Fund alerted its plan participants on its website that all fund participants were sent letters describing how the fund's proposed pension reductions under the Multiemployer Pension Reform Act of 2014 will affect their benefits.

"On October 1, 2015 all Fund participants were sent a U.S. postal mailing with detailed and individualized information about how our proposed pension rescue plan may impact their current or future benefits," the announcement said.

The fund filed its application with the Treasury Department on Sept. 25 to allow pension reductions in order to save the plan, as allowed under the MPRA, the announcement said.

Passed as part of the federal appropriations bill in December 2014, the MPRA gives distressed multiemployer pension plans the option to reduce retiree benefits (41 BPR 2559, 12/30/14). Prior to the MPRA, pension benefit cutbacks were prohibited under the Employee Retirement Income Security Act.

Central States is a member of the National Coordinating Council of Multiemployer Plans, which was in-

strumental in pushing for the law's passage. The council had said it was concerned that without the provisions, distressed plans would quickly become insolvent, leaving only the Pension Benefit Guaranty Corporation to pay participants' and beneficiaries' benefits. PBGC benefits are much lower for participants in multiemployer plans than for those in single employer plans.

Since passage, the MPRA has been under attack by retiree advocate groups. In June, after lobbying by the Pension Rights Center and other groups, Senator Bernie Sanders (I-Vt.) and Rep. Marcy Kaptur (D-Ohio) announced legislation to repeal the act's cutback provisions (42 BPR 1095, 6/23/15).

Additional Senate opposition to the MPRA comes from Finance Committee Ranking Member Ron Wyden (D-Ore.) "These proposed benefit cuts are the result of bad legislation forced through Congress at the very end of last year," Wyden said in an e-mail to Bloomberg BNA on Oct. 2. "I strongly opposed this legislation because it was my view it would hurt both current participants and retirees. I will be pushing the Treasury Department to take all available measures to ensure participants' and retirees' rights are protected," he said.

By SEAN FORBES

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