PENSION RIGHTS CENTER

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# Pension Rights Center Calls Proposed Retiree Benefit Cuts by the Central States Pension Fund a "Pension Demolition Plan"

WASHINGTON – Last week, the Central States Pension Fund began notifying hundreds of thousands of retirees that it has applied to the U.S. Department of the Treasury to cut their pensions. The application was filed under the Multiemployer Pension Reform Act of 2014 (MPRA), which allows trustees of severely underfunded multiemployer pension plans to cut the benefits of pensioners, overturning 40 years of pension protections. Central States is the first plan to apply for cuts.

The Pension Rights Center is working with allied organizations and thousands of retirees across the country to stop Central States from moving forward with benefit cuts. In response to recent media statements by the Central States Executive Director, Thomas Nyhan, Karen Friedman, executive vice president and policy director for the Center, issued the following statement:

"In statements to the press, Tom Nyhan has sought to justify the unconscionable and unprecedented cuts that he claims must be implemented to prevent his Fund from running out of money in 2026. Nyhan and the Central States trustees are trying to mask their shameful actions by calling these cuts a 'pension rescue' plan. But these cuts are nothing short of a pension demolition plan that will ruin the lives of more than 200,000 retirees, widows, and widowers.

"The Pension Rights Center has said from the beginning that the Fund could have taken other steps to truly rescue the Fund. But rather than do the work needed to find better solutions, the Fund took the easy way out: cutting the benefits of the most vulnerable – the very people Congress intended to protect when it passed the federal private pension law known as ERISA in 1974.

"We are shocked at how bad these cuts are. We are getting calls and letters from desperate retirees, who have been told that their benefits will be cut by between 50 to 70 percent. While many of them knew they would be getting letters about proposed pension cuts, they have been completely blindsided by how deep these cuts are.

"Central States retirees are asking how half or more of their pensions – pensions that they earned through decades of hard work – can be taken away from them. We have heard from people who have serious health problems and who will not be able to afford their medicine, if the cuts go through. We have heard from people who will lose their homes, who won't be able to support their families, and who will have to go on public assistance – which is going to cost the government more than finding a real solution for these troubled plans.

"Tom Nyhan and his fellow trustees should be hanging their heads in shame for promoting this plan, instead of finding real solutions and fighting for them.

(more)

“And a real solution exists: the Keep Our Pension Promises Act of 2015 (KOPPA), which was introduced by Senator Bernie Sanders and Representative Marcy Kaptur in June. The Keep Our Pension Promises Act would rollback MPRA’s pension-cut provisions, while providing funding for troubled multiemployer pension plans and the Pension Benefit Guaranty Corporation, the agency that assists troubled pension plans.

“Nyhan has said that he considers KOPPA to be ‘praiseworthy legislation’ but he does not think that the current Congress will enact what he misleadingly calls ‘bailout’ legislation.

“KOPPA is not bailout legislation. It is a common-sense, workable approach to a difficult problem. It recognizes that the financial problems of the Central States Pension Fund were caused primarily by deregulation of the trucking industry and the Great Recession. KOPPA calls for a year-by-year modest transfer of taxpayer dollars to a Legacy Fund that will help certain severely underfunded multiemployer plans make good on their pension promises. The Legacy Fund’s cost is offset by modifying two types of tax shelters benefiting the top one percent. One of these tax shelters only helps wealthy investors in art works and real estate. The other only benefits very large estates.

“It is also important to note that KOPPA’s co-sponsors are not alone in being troubled by the proposed cutbacks and the undemocratic process being used to implement them. Yesterday, Senator Rob Portman introduced the Pension Accountability Act, aimed at giving retirees ‘who worked hard and dutifully paid into their pension’ a voice in determining how to return their pension plans to solvency. Senator Portman’s legislation will provide an important fix to MPRA’s deeply flawed voting process.

“The Central States Pension Fund submitted its application on September 25, and the Treasury Department has 225 days from that date to approve or reject the cuts. Then participants in the plan will vote on them. The earliest that cuts could take effect is July 1, 2016. This is plenty of time for Congress to hold hearings on the Keep Our Pension Promises Act and the Pension Accountability Act – and for the Central States trustees to join with retirees and others around the country in working for their enactment.

“Solving this issue without cuts is a bi-partisan issue, and, if ever there was a reason for Congress to step in and do what's right, it is now. If middle-class retirees who did everything right can't depend in their government to protect them, who can?"

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