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Keep Our Pension Promises Act of 2015
S. 1631 and H.R. 2844

The Keep Our Pension Promises Act of 2015 repeals the "benefit suspension" provisions of the Multiemployer Pension Reform Act of 2014 (MPRA) enacted at the end of the last Congress. Those provisions allow the trustees of certain financially-troubled multiemployer pension plans to reduce the benefits of retirees and their widows and widowers. The Keep Our Pension Promises Act would ensure that pensioners will continue to get their full benefits.

Instead of permitting ongoing multiemployer plans to cut retiree benefits, S. 1631 and H.R. 2844 ensure that plans will have enough money to continue to pay promised pensions. The bills do this by modifying the "partition" sections of MPRA. They keep all other MPRA provisions intact, including provisions that authorize the federal pension insurance agency (the Pension Benefit Guaranty Corporation or PBGC) to assist plans interested in merging with each other. The legislation is revenue neutral, thanks to the elimination of two unnecessary tax breaks for wealthy individuals and estates.

How partitioning would work under the Keep Our Pension Promises Act

1. Trustees of a financially-troubled multiemployer plan that is likely to run out of money within 10 to 20 years will be able to apply to the PBGC for a partition order.

2. If the partition order is issued, the plan will not have to pay the full benefits of its "orphaned" pensioners who are retired as of the date of the partition order. (Orphaned retirees are those whose former employers went bankrupt or withdrew from the plan without fully paying what they owed.)

3. The PBGC will transfer money to the plan each year in an amount equal to the "guaranteed benefits" the PBGC would have had to pay to these orphaned retirees if the plan were "insolvent" without enough money to pay promised benefits in that year.

4. A new Legacy Fund will be created at the PBGC supported by general revenue from the U.S. Treasury. The revenue cost will be offset by money raised from closing two tax loopholes that primarily benefit high-income individuals and their estates, the "like-kind exchange" and "minority valuation discount" provisions of the Internal Revenue Code.

5. The money that the PBGC transfers to the partitioned plan will come from both its current multiemployer pension insurance fund and the new Legacy Fund.

6. The plan that has been partitioned will pay the difference between the guaranteed benefit amounts funded by the PBGC and the retirees' full benefits, up to specified limits.

Plans will continue to pay full benefits for non-orphaned retirees.

Sponsors: Senator Bernie Sanders (I-Vt.) and Rep. Marcy Kaptur (D-Ohio)