

September 7, 2016

Dear Member of Congress:

On behalf of the undersigned organizations that support retirement security for American workers and retirees, we are writing to express our strong opposition to proposals to authorize the creation of “composite” multiemployer pension plans. Draft legislation currently being circulated proposes a plan design that would weaken current funding standards under existing multiemployer pension plans while providing inadequate protections to workers in new plans.

Our organizations are strong supporters of defined benefit pension plans, which promise guaranteed lifetime incomes to retirees. Approximately 40 million workers and retirees are counting on defined benefit plans for their retirement security, including 10 million workers and retirees in multiemployer plans. Multiemployer plans are established by multiple employers and maintained by a joint board of union and employer trustees. Like many pension plans, multiemployer plans face an ongoing challenge to retain employer support, ensure adequate funding, and keep payouts in balance with plan resources.

In these uncertain economic times, and facing competition from those who offer cheaper less adequate retirement vehicles, some employers are pressing to shift to alternative forms of pensions. Our organizations do not oppose new forms of retirement savings plans. However, we do oppose proposals that permit employers and plans to adopt new plans while putting at greater risk the funding of already unfunded pension promises in existing plans.

It is our understanding that House Education and the Workforce Committee, in conjunction with the National Coordinating Committee of Multiemployer Pension Plans, is drafting legislation that would permit plans to create “composite” plans that would weaken rather than strengthen funding in existing plans. The legislative draft being circulated would reduce current funding requirements and enable many employers to escape from withdrawal liability even when a plan is underfunded. These and other provisions would substantially increase the risk that those already retired will not receive their earned pensions. Without adequate plan funding, the legislation will not only put retirees’ pensions at risk, but will add significant new liabilities to the Pension Benefit Guaranty Corporation’s already underfunded multiemployer insurance program.

For these reasons, we urge Congress not to take up flawed legislative proposals to create “composite” multiemployer pension plans. We understand the parties involved are trying to alleviate current financial pressures and encourage employers to join and remain in multiemployer plans, but Congress should not support a proposal that jeopardizes the current pension benefits earned by retirees and provides inadequate protections to workers. We stand ready to work with you and other members of Congress to find a solution that is fair to active workers, retired workers and employers. Please feel free to contact our organizations for additional information.

Sincerely,

AARP

International Association of Machinists and Aerospace Workers

International Brotherhood of Boilermakers

International Brotherhood of Teamsters

National Retirees Legislative Network

Pension Rights Center

United Steelworkers

Western Conference of Teamsters