The Keep Our Pension Promises Act of 2017 | Talking Points

The Keep Our Pension Promises Act addresses the crisis created by the Multiemployer Pension Reform Act of 2014. Use the talking points below when communicating with policymakers, including members of Congress.

The Problem

- **Multiemployer Pension Reform Act.** MPRA allows deeply underfunded multiemployer plans to take the unprecedented step of cutting retiree pensions – in some cases by as much as 70 percent – in order to "save" these plans. MPRA was developed in a backroom deal and became law only after it was slipped into a year-end omnibus spending bill that had to be passed in order to avoid a federal government shutdown. No hearings were held on the legislation before it became a law and retirees' voices were left out of the process.

- **MPRA slashed key ERISA protections for retirees.** MPRA eviscerated the most fundamental provisions of the Employee Retirement Income Security Act, the federal private pension law enacted in 1974. Until MPRA was passed, the law stated clearly that retiree pensions could not be cut unless a plan completely ran out of money. However, MPRA eliminated this critical protection by allowing certain severely underfunded multiemployer pension plans to slash retiree benefits 10 to20 years before they are projected to run out of money.

- **How many plans have taken advantage of MPRA?** 15 plans covering more than 500,000 workers and retirees have applied to make MPRA retiree pension cuts. More than 60 plans covering nearly one million workers are eligible to apply for benefit cuts. In February, Iron Workers Local 17, based in Cleveland, Ohio, became the first plan to implement 50 to 60 percent cuts to retiree pensions.

- **Underfunding in multiemployer pension plans.** While most multiemployer plans are adequately funded, 150 to 200 plans are projected to run out of money within 10-20 years. This is due to many factors, including changes in the economy that have resulted in many plans having more retirees than active workers, company bankruptcies and withdrawals from plans, and investment losses stemming from the 2001 and 2008 stock market downturns.

- **Pension Benefit Guaranty Corporation's multiemployer insurance program.** The Pension Benefit Guaranty Corporation is a government agency that insures private pension plans when they encounter financial difficulty and become unable to pay benefits. The PBGC maintains two pension insurance programs – one for the 30 million workers and retirees covered by single-employer pension plans and the other for the 10 million individuals who are covered by multiemployer pension plans. The PBGC's single-employer program is generally solvent whereas its multiemployer pension insurance program is facing a significant funding shortfall. Without changes, the PBGC's multiemployer pension insurance program is projected to run out of money. Any solution must set aside money to allow the PBGC, the crown jewel of the pension system, to continue to serve as a backstop for troubled multiemployer pension plans.

The Keep Our Pension Promises Act

- **A simple and common-sense solution.** By creating a Legacy Fund within the PBGC that is funded by partially repealing two tax breaks, KOPPA is a simple and common-sense solution to the multiemployer pension crisis.

- **Creation of PBGC Legacy Fund for multiemployer plans.** KOPPA would create a Legacy Fund in the PBGC. Underfunded multiemployer pension plans would apply to receive money from the Legacy Fund to help pay retirees the benefits they earned. When an application is accepted, the money provided by the Legacy Fund is combined with employer contributions and investment income and should be sufficient enough to enable plans in the even worst financial shape – those like the Central States Pension Fund – to cover benefit costs on a year-to-year basis.

- **How is KOPPA paid for?**The Legacy Fund created by KOPPA would be funded bypartially repealing two tax breaks that ONLY benefit wealthy individuals. One of the measures would change the tax laws to ensure that rich real estate and art speculators would have to pay taxes when they trade one property for another. The second measure would limit to $5 million the amount that individuals can save in 401(k) plans or in IRAs. Both of these proposals would raise enough money to pay for the Legacy Fund on a year-to-year basis.

- **KOPPA is not a taxpayer bailout.** The Keep Our Pension Promises Act of 2017 is an employee and employer assistance program. KOPPA would ensure that retiree pensions are safe – thereby ensuring that retirees can remain productive citizens, contributing to their families and buying goods and services in the economy. KOPPA helps employers by relieving them of crushing liabilities,ensuring that they will keep contributing to multiemployerplans, thereby helping the economy and workers and retirees to thrive**.**

Pensions are a promise

- This issue is as American as apple pie. A pension is a promise that should be kept.

- The pension cuts allowed by MPRA represent a broken promise.

- I and other retirees worked hard and gave up wages and vacation pay to earn my pension.

- If my pension is cut, I won't be able to pay for health care, food, my home and other necessities.

- I cannot go back to work to make up the income I would lose if my pension is cut.

- I earned my pension fair and square.

- My pension helps support my spouse, my children, my grandchildren and businesses in my local community.

- This is not a partisan issue. This is an American issue – one of keeping promises to retired truck drivers, warehouse workers, ironworkers, whose sweat and blood helped build this nation.

- Members of Congress should work together, and with retirees, to solve this problem.

Are there other solutions?

KOPPA is a good solution and we ask you to support it. If you don’t want to support KOPPA then we ask that you work with us for another comprehensive solution, one that is fair, that has shared responsibility and that doesn’t burden retirees who played by the rules. We are happy to work with you to find mechanisms to save pension plans (and the PBGC) and to identify possible revenue sources.