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## PBGC

### **PBGC Director Gotbaum to Step Down In August; Groups Praise His Efforts**

**P**ension Benefit Guaranty Corporation Director Joshua Gotbaum plans to step down from the post he has held the past four years.

In a letter sent to PBGC staff July 11, Gotbaum said he would be returning to the private sector, but didn't provide any more specifics. His time at the agency was the longest tenure of any PBGC executive director or director.

"It is time for me to move on, and next month I will do so. We now have three children in college, and I promised my wife that this year I would return to the private sector," he said in the letter.

PBGC Chief Management Officer Alice Maroni will serve as acting director as President Barack Obama considers who to nominate as a successor, a PBGC spokeswoman told Bloomberg BNA. Gotbaum has been director of the agency since 2010.

"The PBGC is critically important to insuring the pension benefits of 42 million working Americans and retirees. I thank Director Gotbaum for his service to this important agency and I am hopeful that President Obama will move swiftly to fill the Director position at the PBGC," Sen. Tom Harkin (D-Iowa), Senate Health, Education, Labor, and Pensions Committee chairman told Bloomberg in an e-mail.

Teresa Ghilarducci, an economist at the New School for Social Research in New York, who has written and spoken extensively on pensions and was appointed by President Bill Clinton to the PBGC Advisory Committee, said in a e-mail to Bloomberg BNA that the PBGC director was "a straight-talking numbers guy, Gotbaum served during the agency's rockiest period. After financial markets crashed he helped big union funds like the Teamsters protect retirees, and companies, like American Airlines, reorganize, but not avoid their pension obligations."

**Career Highlights.** During his tenure, Gotbaum and the PBGC took a high-profile role in efforts to preserve existing pension plans at American Airlines in 2012 (222 PBD, 11/19/12; 39 BPR 2191, 11/20/12). Gotbaum said the agency was able to dodge a "bullet" when the airline chose to freeze, rather than terminate, its plans.

Under his leadership, the agency reported record deficits, numbers that drew criticism for being overstated (226 PBD, 11/22/13; 40 BPR 2724, 11/26/13). The agency sought to raise premiums, and Congress increased them twice in a two-year period (126 PBD,

7/2/12; 247 PBD, 12/27/13; 39 BPR 1265, 7/3/12; 41 BPR 5, 1/7/14). Obama has included a provision in his budget blueprints to allow the agency to set its own premiums and to set them on a risk-based model (43 PBD, 3/5/14; 41 BPR 549, 3/11/14).

Gotbaum has pushed hard for changes in the multi-employer plan system, which has faced the largest deficits (126 PBD, 7/1/14; 41 BPR 1394, 7/8/14).

The agency has also faced sharp criticism over its regulatory and enforcement efforts on pension withdrawal liability cases under Section 4062(e) of the Employee Retirement Income Security Act. The agency has decided to not re-propose its rules under Section 4062(e) and announced July 8 a moratorium on enforcement for the rest of the year (see related article in this issue) (131 PBD, 7/9/14).

**'Tireless Advocate.'** Karen Friedman, executive vice president and policy director at the Pension Rights Center, told Bloomberg BNA in a e-mail that Gotbaum was "one of the most passionate and dedicated PBGC directors that we've had the privilege to work with in our 38-year history. He understands the importance of secure income in retirement and he was a tireless advocate for pension plan participants."

"As director, Josh recognized that the PBGC is more than just an insurance company—that its fundamental mission is to protect workers, retirees, and their plans. For example, he played a key role in saving American Airlines' pensions when the company declared bankruptcy, and we will be forever grateful to him for stepping in to save the pensions of retirees and workers at the Hospital Center at Orange. We will miss his leadership," Friedman said.

The agency said in May 2013 that it would pay the pension benefits for more than 800 former employees of the Hospital Center at Orange, which closed in 2004, reversing its previous position after the Internal Revenue Service revoked a 2003 private letter ruling that had designated the plan as a church plan (92 PBD, 5/13/13; 40 BPR 1154, 5/14/13).

American Benefits Council Director James A. Klein said in a news release, "We really appreciate that Josh was not only accessible when we needed to discuss matters with him, but throughout his tenure he regularly reached out to the Council to get the business community's input. While we mostly disagreed on substance, Josh understood that employers are the agency's customers and he communicated that message to us and to his staff."

ABC has been sharply critical of the agency's efforts to raise premiums, its deficit numbers and its enforcement of 4062(e).

Previously, Gotbaum was an operating partner at Blue Wolf Capital Partners LLC in New York. He served as executive associate director and controller in the Office of Management and Budget during the Clinton administration and as a staffer at the White House and in the Energy Department during the Carter administration.

In 2005, as a court-appointed trustee, he helped Hawaiian Airlines to emerge from bankruptcy after the airline negotiated new pacts with various unions (83

PBD, 5/2/05; 32 BPR 1116, 5/17/05). In November 2008, Gotbaum was named a co-leader of the Treasury Department's agency review transition team for the Obama administration.

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