

# ...Multiemployer pension plans face uncertain future

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solvencies threaten to drive the PBGC's multiemployer insurance fund into insolvency in about 2023," he said. "If this occurs, retirees depending on the PBGC multiemployer insurance fund would see their pension payments

reduced to a small fraction of their original value — or nothing at all."

In an effort to prevent that from happening, the National Coordinating Committee on Multiemployer Plans (NCCMP) established a Retirement Security Review Commission more than a year ago to craft reforms that tackle the structural problems plaguing the system — and that have the support of both business and labor.

The report — "Solutions, Not Bailouts" — was presented to the House subcommittee on March 5.

It recommends modifying ERISA's anti-cutback rule to allow for partial suspension of accrued benefits for active and inactive vested participants, and to partially reduce benefits of retirees already collecting a pension check. NCCMP says reductions would be limited "to the extent necessary to prevent insolvency," but would never

go below 110 percent of the PBGC guaranteed amounts.

NCCMP also seeks additional security for plans that weathered the crash; plans that are on the path to recovery measured by rehab blueprints; and plans "that, with expanded access to tools in the Pension Protection Act (PPA) and (in) subsequent relief legislation, will be able to achieve their statutorily-mandated funding goals."

Additionally the report recommends giving trustees flexibility to create new multiemployer plan designs to help prevent insolvency.

Anthony Perrone, secretary-treasurer of United Food and Commercial Workers, testified before the subcommittee that his union recently worked out a new plan design with Kroger to let the grocery chain merge four shaky plans into one larger whole, and borrow \$1 billion at low interest to bring it from 71 percent funded to 100 percent funded.

UFCW co-manages more than 60 plans with its employer partners, covering 700,000 active workers and another 700,000 retirees. The largest of them — the \$5.2 billion UFCW Industry Pension Fund — covers 92,000 workers at more than 500 employers.

Critics have already surfaced, characterizing the proposals as a "union bailout."

**"... the clear message from Congressional leaders that no bailout would be forthcoming to protect the private multiemployer pension system overall, despite having provided enormous financial relief to those in the financial services industry whose actions precipitated the depletion of the pension funds' assets."**

FROM THE REPORT: 'SOLUTIONS NOT BAILOUTS'  
NATIONAL COORDINATING COMMITTEE FOR MULTIEMPLOYER PLANS

The NCCMP report itself notes up front "the clear message from Congressional leaders that no bailout would be forthcoming to protect the private multiemployer pension system overall, despite having provided enormous financial relief to those in the financial services industry whose actions precipitated the depletion of the pension funds' assets."

Harold Force, president of Force Construction of Columbus, Indiana, speaking on behalf of Associated General Contractors, told the House subcommittee that multiemployer pension plan relief is not a union bailout.

"Contributions to these plans are funded entirely by employers, not unions," he said.

Trust plans are overseen by an equal number of labor and management trustees.

"Trustees of a plan must be given the flexibility to make changes," Force testified. "New tools are needed to try to revolutionize the pension system and save the defined benefit system — both for the directly interested parties such as employers and participants, but also for the PBGC."

Funding provisions of the Pension Protection Act of 2006 (PPA) expire on Dec. 31, 2014.

(Editor's Note: Press Associates Inc. contributed to this report.)

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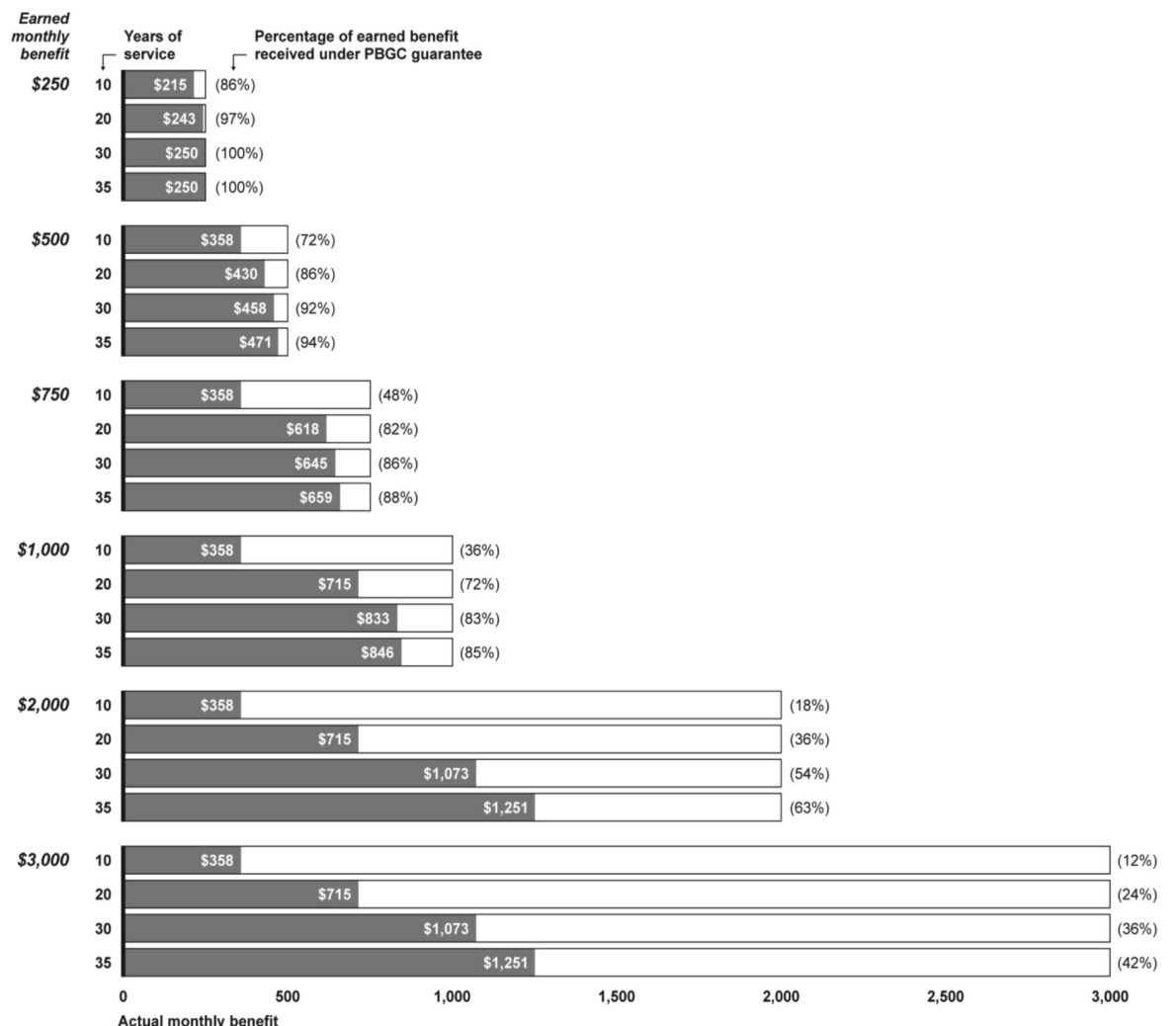
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### Illustration of PBGC Guaranteed Benefit Levels



Source: GAO analysis of PBGC data.

Note: Although the maximum monthly benefit based on a 30-year working career is about \$1,073, as this chart shows, a greater benefit can be earned if a worker retires after a longer career.

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