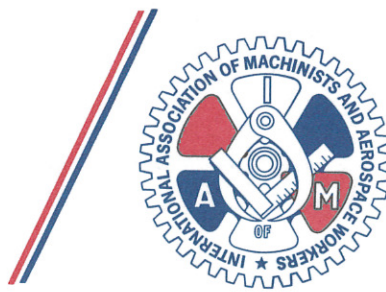


**International
Association of
Machinists and
Aerospace Workers**



9000 Machinists Place
Upper Marlboro, Maryland 20772-2687

Area Code 301
967-4500



OFFICE OF THE INTERNATIONAL PRESIDENT

April 24, 2013

President Barack Obama
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Mr. President,

On behalf of the International Association of Machinists and Aerospace Workers I write to express our strong opposition to the proposal being advanced by some in the multiemployer pension community that would allow for a significant reduction in pension benefits paid to current and future retirees.

An essential part of the American Dream is a secure retirement after a lifetime of toil. For many Americans that dream has turned into a nightmare of uncertainty and fear as incomes have stagnated and the number of workers receiving defined benefit pensions has shrunk. Worse yet, the unwise proposal to allow drastic cuts in pensions would break the promise of a secure retirement that so many workers have sacrificed current wages and benefits for.

Multiemployer pension funds possess a number of substantial benefits for both workers and employers. Risk is shared among many employers so the failure of one business cannot bring down the pension fund. Employer costs are predetermined and, unlike single employer plans, are a predictable hourly rate. Professionally managed multiemployer plans pool investment risk for workers and are more efficient than 401(k) savings plans in delivering a comparable level of benefits.

We in the Machinists Union have experienced firsthand the benefits of a well-run multiemployer pension plan. The IAM National Pension Fund has over 1,750 contribution employers and is the sixth largest multiemployer plan in the U.S. With assets of over \$9.2 billion the Fund provides retirement security to over 80,000 retirees and beneficiaries.

It is important to note that pensions are not gifts from employers, but rather deferred wages that employees have sacrificed for the promise of a secure retirement after a lifetime of work. For example, in the IAM Fund a worker deferring \$3.00 per hour in wages would earn a pension of \$3,613 per month after thirty years of service.

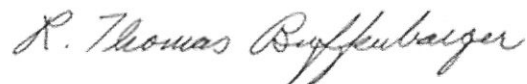
Despite these benefits, some poorly run multiemployer plans want to have the ability to slash retirement benefits for existing retirees to 110 percent of the Pension Benefit Guarantee Corporation's (PBGC) minimum of \$1,072.50 per month, which would work out to only about \$1,180 per month. For a worker planning on receiving a monthly benefit of \$3,613, this would mean a 67 percent cut in promised benefits. A bigger pension would result in an even larger cut. While we do not know how the 110 percent level was determined, we do know that such an extreme cut is unconscionable.

The Retirement Research Center estimates that working Americans face a retirement income deficit of \$6.6 trillion dollars. Small wonder then that a poll by the Pension Rights Center found that the biggest financial concern for Americans is a lack of retirement security, and that a majority of Baby Boomers fear outliving their retirement savings even more than death.

Americans are rightly concerned about their financial futures. Allowing draconian cuts in retirement benefits will not ease these concerns nor provide for a more secure retirement. I, therefore, respectfully request your support in stopping any proposal that cuts the hard earned pension benefits of working Americans.

Please contact Legislative Director Hasan Solomon at (301) 967-4575 if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "R. Thomas Buffenbarger".

R. Thomas Buffenbarger
International President