

**STATEMENT OF
THE INTERNATIONAL BROTHERHOOD OF BOILERMAKERS,
IRON SHIP BUILDERS, BLACKSMITHS, FORGERS & HELPERS
ON
STRENGTHENING THE MULTI-EMPLOYER PENSION SYSTEM
HOW WILL PROPOSED REFORMS AFFECT EMPLOYERS,
WORKERS AND RETIREES?**

**BEFORE THE
SUBCOMMITTEE ON HEALTH, EMPLOYMENT, LABOR AND
PENSIONS
OF
THE COMMITTEE ON EDUCATION AND THE WORKFORCE
UNITED STATES HOUSE OF REPRESENTATIVES**

OCTOBER 29, 2013

The International Brotherhood of Boilermakers (IBB) is a diverse union representing workers throughout the United States and Canada in industrial construction, repair, and maintenance; manufacturing; shipbuilding and marine repair; railroads; mining and quarrying; cement kilns; and related industries.

With its headquarters in Kansas City, Kansas, the IBB unites over 240 local lodges throughout North America, with the purpose of protecting and advancing the interests of our membership. We are pleased to comment on the subject of today's hearing.

In 1960, the IBB, in cooperation with a group of employers, created the Boilermaker-Blacksmith National Pension Trust to ensure financial security for our participants upon retirement. Our pension plan is a defined benefit plan administered by a board of trustees.

Participating employers make contributions into the fund on behalf of each Boilermaker as determined by collective bargaining agreements. The pension plan grows tax-deferred and ensures that eligible participants receive a specific monthly benefit at retirement. The pension also provides early retirement, disability, death and survivor benefits. For over 50 years,

the IBB has remained steadfast in our commitment to providing our members a secure retirement.

One of the major successes of the American Labor Movement has been the ability to negotiate wage packages that not only provide many union members with the ability to live a solid, middle-class lifestyle, but also provides them with health care benefits and pensions.

Eighty-eight percent of workers in unions participate in pension plans versus just forty-nine percent of nonunion workers. Seventy-seven percent of union workers have guaranteed pensions, compared with just seventeen percent of nonunion workers.¹

Earlier this year, the National Coordinating Committee for Multi-employer Plans (NCCMP) issued a proposal, “Solutions not Bailouts,”² which attempted to address ways to strengthen the multi-employer pension system. This proposal is the primary focus of today’s hearing. While we agree that a minority of multi-employer plans face a difficult future and we support efforts to help them maintain their solvency, we have significant concerns with this proposal.

¹ <http://www.aflcio.org/Learn-About-Unions/What-Unions-Do/The-Union-Difference>

² <http://www.solutionsnotbailouts.com/>

Our primary concern is with the “Remediation” section of the NCCMP proposal. Here, NCCMP would amend the Employee Retirement Income Security Act (ERISA) “anti-cutback rule” to permit “PBGC-approved” reductions for existing retirees – reductions as low as 110% of the Pension Benefit Guarantee Corporation (PBGC) maximum guarantee – in “deeply troubled plans.”

We can think of no more serious breach of trust to our Boilermaker retirees – our brothers and sisters who spent their lifetimes working in physically demanding occupations – than to support a proposal that could undermine the security of the retirement they earned and were promised.

Our members have relied upon – and planned their futures around – the assurance that benefits earned and vested could not be taken from them after retirement. We are steadfastly opposed to the NCCMP proposal because it removes that assurance and creates uncertainty among a vulnerable segment of our society. The very threat of losing all or part of their retirement will cause needless grief to our retirees if not outright financial ruin. It is unconscionable to inflict such uncertainty at this stage in people’s lives.

The problems with most of our Taft-Hartley plans were not the fault of the plans themselves. In the current circumstance, the real fault lies with those financial institutions whose actions nearly brought down the United

States financial system. If anyone should carry the burden of refunding these plans, we contend it is those who broke the system in the first place.

We also disagree with NCCMP's proposed option of changing the normal retirement age in a manner consistent with Social Security. Again, due to the physically demanding nature of the work that many Boilermakers engage in, often from the age of 18 or 20, early retirement is not a luxury but a necessity. Many of them simply cannot physically work until 65 or later.

Our over-arching concern with the NCCMP's proposal is that while the tools they suggest for "deeply troubled plans" to remain solvent are characterized as strictly "voluntary," our years of experience in managing a large multi-employer plan leave us concerned that plan trustees might feel pressure, under the weight of their fiduciary responsibility, to make decisions contrary to the real interests of retirees, whether or not the plan(s) are facing an immediate financial burden.

The IBB understands there is no single, perfect answer to the problems facing certain pension plans. We strongly urge the committee to examine any and all proposals related to multi-employer pension plans with close and careful scrutiny. While we know many proposals are well-intentioned and on the face appear reasonable, we remain concerned that the wrong decisions will destroy the financial security of men and women who worked

hard all their lives, played by the rules, and are owed what they were promised.