



International Association of Machinists & Aerospace Workers

PRESERVE RETIREMENT SECURITY ***Restore ERISA'S ANTI-CUTBACK RULE***

Historically, pensions have constituted a critical component of a sustainable retirement. Yet, in the closing moments of the last Congress and without debate or public hearings, legislation was passed that lets the trustees of "deeply troubled" multiemployer plans *slash retirement benefits for existing retirees* to as low as 110 percent of the Pension Benefit Guarantee Corporation's (PBGC) maximum payment. Such an extreme cut is unconscionable for retirees surviving on a fixed income.

This unprecedented attack on the living standards of retirees undermines the basic premise of the Employee Retirement Income Security Act (ERISA)—that once you retire your pension will not be cut. ERISA's "anti-cutback rule" prevents reductions in benefits being paid to retirees and their surviving spouses because the overwhelming majority of retirees do not have the means to replace the lost income. Allowing cuts in promised benefits will be a ticket to poverty.

In addition to harming retirees, weakening ERISA's anti-cutback rule weakens existing pension plans. Why would any worker want to defer current wages into a pension plan if there was no guarantee that a promised pension would be there when it was needed most? Corporate dominated single employer pension plan trustees have already starting asking for the same "flexibility" that multiemployer plans trustees now have. Would similar cuts to existing retirees be extended to Social Security participants to close a projected funding gap? **The IAM continues to strongly oppose these changes to ERISA's anti-cutback rule and supports legislation, the *Keep Our Pension Promises Act*, introduced by Senator Sanders to restore ERISA's anti-cutback rule.**

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 fifth largest multiemployer plan in the U.S. With assets of over \$10.7 billion the Fund provides retirement security to over 90,000 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.

Likewise, the IAM opposes any legislation that would cut earned benefits like Social Security and Railroad Retirement, including the adoption of the so called chained CPI or raising the retirement age.