Joint Statement of the International Association of Machinists and Aerospace Workers, the International Brotherhood of Boilermakers, the International Brotherhood of Teamsters, the National Retirees Legislative Network, the Pension Rights Center, and United Steelworkers Opposing Consideration of "Composite" Pension Legislation

November 30, 2016

The International Association of Machinists and Aerospace Workers, the International Brotherhood of Boilermakers, the International Brotherhood of Teamsters, the National Retirees Legislative Network, the Pension Rights Center, and the United Steelworkers strongly oppose draft legislation released by the House Education & Workforce Committee that would create "composite" multiemployer pension plans.

Our organizations strongly support defined benefit pensions plans that provide guaranteed lifetime income to retirees. The composite legislation does not go nearly far enough to ensure the retirement security of our members and other participants in multiemployer pension plans. The draft provides inadequate funding for composite plans and weakens the funding base for existing ("legacy") plans by allowing plans to "refinance" their obligations to the legacy plan over 25 years—more than 10 years longer than current law allows. This reduces contributions to fund benefits under legacy plans, making them vulnerable to funding shortfalls in times of market volatility.

Protecting the benefits of workers in legacy plans would require *deep* cuts to active workers in composite plans in times of market instability. Even devastating benefit cuts for active composite plan participants may not be enough to save the legacy plans from painful benefit cuts. Moreover, the legislation would permit unprecedented cuts to retirees' benefits. The proposed legislation does not even contain the few procedural protections for composite plan participants offered to traditional and legacy plans by the Multiemployer Pension Reform Act (MPRA), making it much easier for composite plans to make massive benefit cuts. Additionally, composite plans, unlike traditional and legacy plans, are not protected by the Pension Benefit Guaranty Corporation (PBGC).

Finally, composite plans are exempt from paying PBGC premiums, and as a result, PBGC premium contributions will drop precipitously. When combined with plan failures, the PBGC will be saddled with significant new liabilities at the same time an already underfunded multiemployer insurance program is depleted of funds.

In short, while we do not oppose the concept of new forms of retirement plans, we do oppose legislation that changes pension funding rules in a way that harms retirement security. The composite legislation is a raw deal for American workers and retirees that puts them at greater risk of major cuts to their retirement savings.

With so few legislative days left in the 114th Congress, we reiterate our request that the Education & Workforce Committee not take up this legislation this year. The revised legislation still has serious problems for Congress to address before enacting such sweeping changes to our retirement system. We stand ready and eager to work closely with members of Congress next year to develop legislation that solves the fiscal challenges facing multiemployer pension plans in a manner that is fair to both participants and employers, while protecting the hard-earned retirement benefits of American workers and retirees.