



International Association of Machinists & Aerospace Workers

IAM SUPPORTS MULTIEMPLOYER PENSION LOAN PROGRAM

Position: **The Machinists Union urges lawmakers to cosponsor H.R. 397, The Rehabilitation for Multiemployer Pensions Act.** Commonly referred to as The Butch Lewis Act, this vitally important legislation would protect earned pension benefits and bolster the health of the multiemployer pension system.

While the vast majority of multiemployer pension plans are financially sound, the Pension Benefit Guaranty Corporation (PBGC) estimates that approximately 130 multiemployer pension plans, covering 1.3 million participants, are in “critical and declining status” and will become insolvent within the next 20 years.

To help these troubled plans, Chairman of the House Ways and Means Committee Richard Neal (D-MA) introduced the Rehabilitation for Multiemployer Pensions Act. This highly important legislation **would provide a lifeline to help save critically underfunded multiemployer pension plans.** In addition, this legislation would help maintain the health of well-funded multi-employer plans and improve the health of the Pension Benefit Guarantee Corporation (PBGC). **Most importantly, it will do all of this without making any cuts to the earned benefits of current or future retirees.**

This legislation would create a Pension Rehabilitation Administration (PRA) within the Treasury Department to provide low-interest loans to critically underfund multiemployer pension plans. **These loans would help troubled plans keep their promises to retirees and prevent plan failures.** Currently, the government (through the PBGC) only renders assistance after a plan collapses.

Plans would invest the money from these loans and use the investment earnings to pay retiree benefits, improve the plan’s financial health, and make interest payments on the loan for 29 years. On the 30th year, the plan would pay the loan back in full. In order to be eligible for the loan, the plan would have to demonstrate that the loan would enable the plan to remain solvent, pay all retiree benefits, and repay the loan when due.

The Machinists Union is resolute in protecting the earned pension benefits of union workers, retirees, and all Americans. It is vital that our government act swiftly to protect these retirement promises that union members worked so hard to earn throughout their lifetime.