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AMERICA'S UNIONS

Statement of the AFL-CIO Retirement Security Working Group on the Grassley-Alexander Multiemployer Pension Plan Proposal

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After a lifetime of hard work, working people deserve to retire with dignity. The labor movement is proud of our negotiated multiemployer pension plans, which have provided retirement income security for millions of working people for decades. Now, as a result of reckless Wall Street behavior, industry deregulation and employers' creative use of corporate bankruptcy, important parts of that multiemployer pension system are at risk. To stave off financial devastation for retirees across the nation, the Senate must act immediately—but it also must act wisely.

Senators Grassley and Alexander have finally put forward the Republicans' white paper to address the crisis faced by several multiemployer pension plans. As it stands, their proposal will not only injure the retirees and active participants it purports to help, it also will precipitate the collapse of all multiemployer pension plans.

This document contains no federal financial assistance whatsoever. Contrast this to the over \$700 billion that the government provided to the banks and Wall Street in 2008 and other corporate tax giveaways in recent years. Here, under the guise of a federal solution, Grassley and Alexander have crafted a tax increase that hits hardest those who do not bear responsibility for the financial challenges faced by troubled multiemployer pension plans—including retirees, active pension plan participants, unions and employers.

Any multiemployer pension legislation should, at a minimum, do no harm. This proposal fails that basic test. Instead, it is punitive in nature, imposing hefty new costs that even healthy plans will be unable to survive. For example, in one sizeable national plan, there would be an eleven fold increase in Pension Benefit Guaranty Corporation (PBGC) premiums that would double the cost of that plan's administration.

The AFL-CIO has endorsed other bipartisan bills without these fatal flaws: the Butch Lewis Act and the Bipartisan American Miners Act, the latter of which must be passed this year to avoid significant harm to tens of thousands of retired miners and their widows.

It is imperative that the Senate moves quickly on a solution that is viable and constructive—legislation that will provide retirees with their hard-earned benefits and stabilize the multiemployer pension system overall, while not jeopardizing healthy plans. If there is one thing we should all agree on it is that the cost of doing nothing will be catastrophic.

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