BIPARTISAN MULTIEMPLOYER PENSION REFORM AGREEMENT

THE PROBLEM:

More than a million Americans currently have their retirement savings in multiemployer pension plans that are severely distressed and expected to collapse in the near future. Workers and retirees in these failing plans will see their benefits cut severely.

Even more troubling, the failure of these plans will bankrupt the Pension Benefit Guaranty Corporation (PBGC), which serves as the federal backstop charged with protecting these workers' pensions. If the PBGC collapses, all 10 million workers with a multiemployer pension—even those in currently healthy plans—will be put at risk, and many retirees will be left with nothing.

Demographic changes, the Great Recession, and other challenges have led to this crisis, which will have far-reaching consequences. Plans have already been taking every step possible to stay afloat, but there are no more options available to protect workers' retirement. Failing to address this looming disaster will mean:

- **Less retirement security.** Men and women across the country—whether working or retired—have been promised that a multiemployer pension will help provide financial security as they age. Unfortunately, this promise is now in jeopardy for many Americans.

- **Fewer good-paying jobs.** To address funding challenges, trustees of troubled plans often have no choice but to dramatically increase employers' financial contributions to the plan. These resources are then no longer available to be spent growing businesses, creating new jobs, or raising workers' wages.

- **Greater risks to taxpayers.** As more plans go bankrupt, the financial strain placed on the PBGC would place taxpayers at risk of needing to pay for billions of dollars in unfunded liabilities.

Employers and union leaders recognize the urgent need to reform the system and have been urging Congress to take action now to protect the retirement security of workers across the country.

THE SOLUTION:

The proposed reform was initially developed by the National Coordinating Committee for Multiemployer Plans. Representing both labor and management, the organization proposed allowing troubled plans to take action to save themselves.

Education and the Workforce Committee Chairman John Kline (R-MN) and senior Democrat George Miller (D-CA) have announced bipartisan multiemployer pension reform legislation that mirrors this proposal, which is backed by business and labor leaders and known as "Solutions, Not Bailouts." It is the only available option that could save these failing plans, and it is the last chance that labor unions and their members have to gain some control over the future of their pensions. This reform would give multiemployer pension plans the tools they need to rescue themselves.

The bipartisan agreement would provide the critical flexibility necessary to keep pension plans from going under and causing workers to lose everything. The proposal includes reforms to protect taxpayers and provide trustees with new tools to save troubled plans. It also includes important consumer safeguards to give participants in these plans a voice and to protect the most vulnerable retirees.

Specifically, the bipartisan reform will:

- Permit trustees of severely underfunded plans to adjust vested benefits, enabling deeply troubled plans to survive without a federal bailout.

- Require approval by plan participants of any proposed benefit adjustments that take effect. This provision includes a fail-safe mechanism for those plans that present a systemic risk the multiemployer pension system.

- Provide participant protections to safeguard the most vulnerable retirees, including disabled retirees and individuals age 75 and older.

- Give the PBGC the authority to take earlier action to help save failing plans, reducing potential future costs.

- Adjust the premium structure in order to place the PBGC on more firm financial ground.