

NATIONAL COORDINATING COMMITTEE FOR MULTIEMPLOYER PLANS

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August 23, 2010

Submitted via email

Editor
Wall Street Journal
1211 Avenue of the Americas
New York, NY 10036

Re: August 15, 2010 Article – The Next Pension Bailout

Dear Sir or Madam:

Your article entitled ‘The Next Pension Bailout’ does an injustice to both multiemployer plans, and to Senator Casey’s “Create Jobs and Save Benefits Act”.

In a study we conducted of nearly 400 plans as of the end of 2007, the average plan was roughly 90% funded. When the S&P 500 returned -37% in 2008, the second-worst year in the history of the stock market, these plans suffered the same fate as all other investors. We ask you, whose retirement plan is not underfunded? Your article attributes widespread underfunding to mismanagement and failure to negotiate adequate contributions; our research proved unequivocally the market crash was to blame.

The Casey bill is far more targeted than your article suggests. The \$165 billion figure represents the underfunding of all 1,500 multiemployer plans, which has no relationship to the bill. There are numerous provisions that greatly limit its scope. Most significant among these, only plans projected to become insolvent are eligible for partition.

We have identified only 3 plans that will qualify, and have estimated the cost at \$8 billion. Despite this cost, it is a near certainty that the bill will actually result in savings to the PBGC in the coming decades. Without assistance, these plans will become that agency’s obligations in their entirety. Instead, the Casey bill transfers a portion of these plans to the PBGC now, resulting in a net long-term savings.

According to the United States Chamber of Commerce and the Retail Food Industry, the Casey bill is not a union bailout and true beneficiaries are not the unions, but rather they are the small businesses that sponsor these plans. If you look deeper, you will see that both multiemployer plans, and Senator Casey’s bill, are worthy of your support.

Sincerely,

A handwritten signature in black ink, appearing to read "Randy G. DeFrehn". The signature is written in a cursive style with a large initial 'R'.

Randy G. DeFrehn
Executive Director