

The Partnership For Multiemployer Retirement Security ***A Business And Labor Initiative***

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Business-Labor Partnership Proposes Comprehensive Solutions to Protect Multiemployer Retirement Security

*New Report Consists of Private Sector Solutions Developed Over 18 Months to Protect
Multiemployer Plans and Spur the Economy Without Taxpayer Bailouts*

(WASHINGTON) – A unique partnership of business and labor groups today moved to take proactive action to shore up the nation’s multiemployer pension plans, releasing a report offering private sector solutions for solvency, opportunities for growth for employers, and retirement security safeguards without taxpayer bailouts.

The Partnership for Multiemployer Retirement Security, a business and labor initiative to protect multiemployer pension plans today released “*Solutions not Bailouts: A Comprehensive Plan from Business and Labor to Safeguard Multiemployer Retirement Security, Protect Taxpayers and Spur Economic Growth*,” a new report developed by the National Coordinating Committee for Multiemployer Plans’ Retirement Security Review Commission. The Commission studied the challenges facing the multiemployer pension system and designed a series of recommendations that safeguard retirement security and specifically address the challenges facing multiemployer plans. The full report can be viewed [HERE](#).

“To protect multiemployer retirement security without taxpayer bailouts, we need solutions that address the long-term challenges facing both business and labor. The proposals in this report do just that,” said Randy DeFrehn, Executive Director of the Partnership for Multiemployer Retirement Security. “We are proposing private sector solutions to shore up these plans for future generations of retirees and ensure that multiemployer plans continue their decades-long mission of providing cost-effective and reliable retirement benefits to millions of working class Americans without putting taxpayers at risk. We are offering self-help solutions, we are not seeking taxpayer bailouts.”

“These solutions will improve retirement security, enhance the ability of plans to attract and retain contributing employers, and dramatically improve the financial outlook of the PBGC multiemployer insurance program, all without relying on taxpayer dollars,” said Vincent Sandusky, Chief Executive Officer of the Sheet Metal and Air Conditioning Contractors National Association.

“The recommendations in this report represent the collaboration of over 40 organizations representing both business and labor and contain specific recommendations for providing reliable lifetime retirement income to multiemployer plan participants while reducing the financial risks to contributing employers,” said Christopher Brockmeyer, Director of Employee Benefit Funds of the Broadway League.

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“We urge lawmakers to come together, like we have, to take action on these recommendations to ensure that multiemployer plans continue to provide reliable retirement security for millions of workers while helping to prevent bailouts down the road,” said Salvatore Chilia, International Secretary-Treasurer of the International Brotherhood of Electrical Workers. “The recommendations provide a blueprint to strengthen and secure these plans by providing the flexibility for a voluntary negotiable solution when needed to maintain the solvency of a plan.”

The Commission developed its report over 18 months and was driven by two primary objectives: that recommendations for change to the existing system must still provide regular and reliable lifetime retirement income to multiemployer plan participants; and changes to the existing system must be structured to reduce or eliminate the financial risks to contributing employers.

The [full report](#) offers specific recommendations for reform that will improve the retirement security of plan participants, enhance the ability of plans to retain contributing employers by limiting financial volatility, and help prevent the need for future taxpayer bailouts. The three primary areas of the Commission’s recommended action can be summarized as follows:

1. **Preservation: Proposals to Strengthen the Current System.** Some of these proposals represent technical refinements to PPA, while others address shortcomings of the system outside of PPA. These recommendations are designed to provide additional security for (a) the majority of plans that have successfully weathered the recent economic crises; (b) those that are on the path to recovery as measured against the objectives set forth in their Funding Improvement and/or Rehabilitation plans; and (c) those that, with expanded access to tools provided in the PPA and subsequent relief legislation, will be able to achieve their statutorily mandated funding goals.
2. **Remediation: Measures to Assist Deeply Troubled Plans.** Under current law, a small minority of deeply troubled plans are projected to become insolvent. For that limited number of plans, the Commission recommends that limited authority be granted to plan trustees to take early corrective actions, including the partial suspension of accrued benefits for active and inactive vested participants, and the partial suspension of benefits in pay status for retirees. Such suspensions would be limited to the extent necessary to prevent insolvency, but in no event could benefits go below 110% of the PBGC guaranteed amounts. To protect participants against potential abuse of these additional tools, the Commission further recommends the adoption of special protections for vulnerable populations including PBGC oversight and approval of any proposed actions, taking into consideration certain specified criteria.
3. **Innovation: New Structures to Foster Innovative Plan Designs.** To encourage innovative approaches that meet the evolving needs of certain plans and industries, the Commission recommends the enactment of statutory language and/or promulgation of regulations that will facilitate the creation of new plan designs that will provide secure lifetime retirement income for participants, while significantly reducing or eliminating

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the financial exposure to contributing employers. While the development of new flexible plan designs including, but not limited to, variable annuity and “Target Benefit” plans would permit adjustment of accrued benefits, in order to protect plan participants from this risk, these models would impose greater funding discipline than is required under current defined benefit rules. The adoption of such new models would be entirely voluntary and subject to the collective bargaining process.

The Commission recognizes that the challenges facing plans require an array of additional tools not currently available to address problems and accomplish the objectives set forth above. This comprehensive plan from business and labor, if enacted, will ensure that multiemployer plans will continue their decades-long mission of providing cost-effective and reliable retirement benefits to millions of working class Americans while protecting taxpayers from further risk.

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