

The GROW Act Giving Retirement Options to Workers

Sponsored by Phil Roe (R-TN) and Donald Norcross (D-NJ)

In response to the challenges facing the multiemployer pension system, Reps. Phil Roe and Donald Norcross — in partnership with the National Coordinating Committee for Multiemployer Plans (NCCMP) and a coalition of workers, business owners, and unions — introduced the bipartisan GROW Act, which will strengthen and modernize the multiemployer pension system for the future.

The GROW Act modernizes the pension options currently available to allow businesses and workers to grow their prosperity together.

Main Features of the GROW Act

- **Modernizes and strengthens the multiemployer system.**

The GROW Act will modernize and strengthen the multiemployer pension plan system for the future by authorizing the creation of a new type of retirement vehicle that combines the key features of defined benefit and defined contribution plans. Workers who have earned benefits in a plan will be empowered to decide if this new retirement option is right for them.

- **Strengthens retirement security for workers while protecting traditional multiemployer pension retirees.**

Millions of workers paid into the multiemployer pension system with the understanding that they were setting aside hard-earned wages to secure a dignified retirement. Under the GROW Act, workers will still receive lifetime income in the form of annuities; and importantly, the benefits they earned under a traditional multiemployer plan are protected even after workers adopt a GROW Act structure. Workers who are already retired will see no change to their lifetime benefit.

To strengthen workers' retirement security, these plans are designed for financial stability over the long-term by better weathering market volatility. The plans would be professionally managed and required to maintain a target funded ratio (assets over liabilities) of 120 percent. Extensive stress testing of these plans confirmed that they are flexible enough to weather financial crises like the Great Recession in 2008, without causing serious financial harm to workers or employers participating in the multiemployer system.

- **Fosters business growth and competitiveness by providing greater certainty and stability for employers.**

For employers, the GROW Act offers greater certainty and stability by eliminating the volatility currently faced in the multiemployer system. Under the GROW Act, employers will know exactly how much they will be required to pay into the system. Employers will negotiate a fixed contribution rate to the plan, and limit their risk by paying only for what they bargained.

This certainty and stability will allow companies to invest and grow without fear of being driven out of business because of increasing costs or unexpected liabilities down the road as a result of their participation in the multiemployer system.

Millions of hardworking men and women deserve a safe and secure retirement and, at the same time, employers deserve predictability from a pension system. Our bipartisan plan achieves both of these objectives. For more information, or to cosponsor the GROW Act, please contact Catherine Bartley (Roe) at Catherine.Bartley@mail.house.gov or Vince Sarubbi (Norcross) at Vincent.Sarubbi@mail.house.gov.