



## **Restore Pension Security**

### *Pass Keep Our Pension Promises Act*

2/1/2017

#### **Executive Summary**

##### **Congress Pulled Rug Out from Under Retirees in Multiemployer Pension Plans**

In December 2014, Congress passed pension reforms as part of the \$1.1 trillion FY 2015 spending bill known as the Consolidated and Further Continuing Appropriations Act (H.R. 83). Included in H.R. 3 was the Multiemployer Pension Reform Act of 2014 (MPRA) that permitted trustees of severely underfunded multiemployer pension plans to cut the earned pension benefits of current retirees. Over 10 million workers, retirees, and their families are counting on these earned retirement benefits for their retirement security.

To be clear: MPRA allows pension plan administrators to cut the monthly fixed income of retirees who are already retired and receiving their pensions, many of whom have few or no other income options other than Social Security.

Wall Street banks, automakers and insurance giants got bailouts during the economic meltdown that started in 2008. Retirees are expendable as far as Congress is concerned. When it comes to the multiemployer pension plans for retired truck drivers, construction workers, mine workers and food retail workers, etc., Congress decided that there would not be a bailout for these retirees and their surviving spouses.

##### **Industries with Multiemployer Pension Plans**

Multiemployer pension plans are typically found in construction, trucking, and other industries in which several employers, often small businesses, negotiate collectively with unions to cover a group of workers in a region. About 1.5 million of those participants are in approximately 150 to 200 plans that could run out of money in the next two decades. Overall, there are about 1,400 multiemployer pension plans, many of which remain in good fiscal health and would be untouched by the enacted law.

##### **Congress Made Major Changes to ERISA**

The Multiemployer Pension Reform Act of 2014 changed 40 years of established ERISA (Employee Retirement Income Security Act of 1974) law. Congress revised ERISA to grant pension plan trustees broad powers to cut retired workers' pension benefits by 60% or more if they can show that would prolong the life of the pension plan. The change to ERISA is a big shift

that many retiree and consumer groups as well as several lawmakers fear could set a precedent for other troubled retirement programs, including single-employer pension plans. Since 1974, the federal law governing the nation's private-sector pensions has prohibited cuts to the benefits of workers who have already retired — a precedent that is now endangered.

### **Teamsters Pension Fund Submits Proposal to Cut Benefits**

The Central States Pension Fund, a prominent Teamsters pension plan with 407,000 participants, was the first in September 2015 to file a proposal with the U.S. Department of Treasury to reduce benefits under the Multiemployer Pension Reform Act of 2014. The Treasury Department has 225 days to evaluate Central States' plan. If officials approve the reductions, the cuts would then be voted on by plan participants. But even if participants vote the plan down, the law says it could still be imposed.

### **NRLN Opposed Congress' Sanctioning of Pension Cuts**

The National Retiree Legislative Network (NRLN), which represents the interest of more than 2 million retirees who predominately have single-employer defined benefit pension plans, strongly opposed the MPRA bill in Congress. NRLN members sent letters to their members of Congress stating: *"Negotiations to cut retirees' pension benefits at the last minute of the legislative session are WRONG!...Cuts to certain multiemployer pension plans have dire ramifications for all retirees – if it can happen to one, it can happen to all. You should be looking at other solutions in the new Congress instead of cutting benefits to retirees who aren't in any position to shore up their income."*

### **Other Retiree Advocate Groups Opposed Cutting Pension Benefits**

The abrupt action by Congress has alarmed a number of pension rights advocates, who are concerned about a decline in retirement security for all Americans. They also worry about a creeping trend toward trimming pensions, citing retirement benefit cuts for government employees in Detroit and elsewhere.

Others who spoke out against the passage of the MPRA included the Pension Rights Center, AARP, Boston College's Center for Retirement Research, the Teamsters and the International Association of Machinists and Aerospace Workers.

### **NRLN Supports the *Keep Our Pension Promises Act***

The National Retiree Legislative Network (NRLN) supports the passage of the Keep Our Pension Promises Act (S. 1631 and H.R. 2844) to restore ERISA's original commitment that America's retirees do not need to doubt their retirement income security.

Congress must pass the Keep Our Pension Promises Act to rectify the mistake by the lame duck 113th Congress that gave trustees of severely underfunded multiemployer pension plans the authority to cut the earned pension benefits of current retirees. By doing so, Congress would restore the integrity of the Employee Retirement Income Security Act of 1974. America's workers and retirees need to be able to have faith that their pension income is as secure as possible.

The whitepaper researched and written for the American Retirees Education Foundation (AREF) is the source of information for this Executive Summary. The AREF expands the research and education reach of the NRLN.

***For a copy of the whitepaper on this subject, contact Alyson Parker at 813-545-6792 or [executivedirector@nrln.org](mailto:executivedirector@nrln.org)***