



**INTERNATIONAL
BROTHERHOOD
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WORKERS®**

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April 9, 2020

VIA E-MAIL

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Charles Schumer
Minority Leader
U.S. Senate
Washington, D.C. 20510

Dear Speaker Pelosi, Majority Leader McConnell, Leader McCarthy and Leader Schumer:

On behalf of the over 775,000 active and retired members of the International Brotherhood of Electrical Workers (IBEW), I want to thank you for your rapid response to the current public health, economic and financial crisis caused by the COVID-19 pandemic. The Families First Coronavirus Response Act and CARES Act that Congress recently passed are an important first step toward economic stimulus and stabilization and provide important relief to IBEW members and their employers.

As Congress considers additional legislation to respond to the current pandemic, the IBEW urges you to address the growing crisis in the multiemployer pension system that over 10.4 million Americans rely on for their retirement security. The current COVID-19 pandemic and mandated shutdown of large parts of the economy have exacerbated the multiemployer pension crisis, requiring that Congress act to ensure millions of Americans can retire with dignity.

During the negotiations of the CARES Act, Senate Democrats put forward a thoughtful proposal, the Emergency Pension Plan Relief Act, that would create a special partition program under the Pension Benefit Guaranty Corporation (PBGC) to help struggling multiemployer pension plans. This proposal would allow plans in need of assistance to recover over the long term and protect retirees in struggling plans from onerous cuts to their hard-earned pensions. The legislation would also provide much needed temporary relief for multiemployer plans not in critical status due to the recent decline in the financial markets. The IBEW believes this proposal is the best vehicle to pursue multiemployer pension reform and I urge Congress to include the Emergency Pension Plan Relief Act in its next pandemic response legislation.

The IBEW has grave concerns over the possible inclusion of composite plans, as would be created in the GROW Act, in any multiemployer pension reform legislation. Composite plans run counter to the stated goals of reforming the multiemployer pension system, and in fact, would undermine the retirement security of participants and further destabilize the multiemployer system. Composite plans would allow trustees from a healthy existing plan to create a new composite plan that would provide inferior benefits. Funding two plans out of a single source of funds sets up both the existing plan and the new plan for failure and leaves neither plan with enough money to pay for benefits earned through years of hard work. Workers and retirees would be subject to dramatic cuts in





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times of economic downturn, such as the one our nation is currently facing. In addition, composite plans would create a new solvency crisis for the PBGC by allowing employers to withdraw from existing plans without paying their fair share of plan liabilities, which would leave fewer employers to fund existing plan benefits, and exempt new composite plans from paying PBGC premiums. The combination of employer withdrawals and increasing liabilities at the same time would very likely accelerate the PBGC's solvency crisis and undermine the system as a whole.

The biggest contributor to the multiemployer pension crisis is the unfunded legacy liabilities of troubled plans. These liabilities "are attributable to employers that have exited the plans, either because of bankruptcy or business failure, and in most cases paid withdrawal liabilities insufficient to finance future benefits of remaining participants."¹ In order to ensure the stability of the multiemployer pension system going forward, Congress must reform corporate bankruptcy law to ensure that pension obligations are among the first claims to be paid when a company files for bankruptcy. Currently, the bankruptcy code places pension contributions behind other claims, including creditors and executive bonuses. The current system is fundamentally unfair to workers and their families, who deferred earned compensation in wages and health benefits for a secure retirement. The IBEW calls on Congress to take up bankruptcy reform and put working American families in their rightful place at the head of the line.

For IBEW members, a pension is more than just dollars and cents. It's a promise. In exchange for a lifetime of hard work and personal financial contributions, a worker and his or her family can count on a secure and respectable retirement. On behalf of the IBEW, I hope congressional leaders share our vision of a secure and respectable retirement and take this opportunity to pass thoughtful multiemployer pension reform.

Sincerely yours,

Lonnie R. Stephenson
International President

LRS:nl
Copy to Sen. Charles Grassley
Sen. Ron Wyden
Sen. Lamar Alexander
Sen. Patty Murray
Rep. Richard Neal
Rep. Kevin Brady
Rep. Bobby Scott
Rep. Virginia Foxx

¹ "Multiemployer Pension Recapitalization and Reform Plan Technical Explanation," pp. 3.