

## **Resolution**

# **Pension and Retirement Savings Protections**

**Whereas** the retirement security of millions of retired and working Americans was threatened in single employer plans by dramatic fluctuations in the stock market and the collapse and bankruptcies of corporations; and

**Whereas** hundreds of thousands of retirees and workers, including many Alliance members, lost their 401(k) retirement savings because of corporate corruption and improper auditing; and

**Whereas** many multiemployer pension plans across the country are facing imminent collapse now or in the near future primarily because of the financial crisis in 2007 and its effect; and

**Whereas** the Congress passed the Multiemployer Pension Relief Act (MPRA) in 2014 without debate as part of an omnibus budget act so plans could cut current retirees' pensions by as much as 60% leaving the retirees financially devastated; and

**Whereas** pensions are deferred earnings we entrust to the plans and invested as an aggregate for better returns which provide income after a life of work; and



**Whereas** the loss of pension income not just harmful to the individuals and their families but imposes substantial economic losses on the standard of living for all in our communities; and

**Whereas** beneficiaries of multi-employer plans worked together to tell their stories, educating their communities and members of the Congress about the impact of their pension losses on the American economy and the system of pension guarantees; and

**Whereas** the Pension Benefits Guaranty Corporation is currently underfunded and the Congress has enacted support for corporations that allow manipulation of bankruptcies to the disadvantage of retirees and their pension benefits; and

**Whereas** Ohio U.S. Senator Sherrod Brown introduced the Butch Lewis Act, S. 2147, that would allow financially troubled plans to obtain loans from the federal treasury to stabilize the fund payouts to retirees until investment earnings return to normal; and

**Whereas**, Ohio hosted a rally of 12,000 retirees before the Joint Senate and House Select Committee on Multiemployer Plans field hearing at the Ohio Statehouse on July 13, 2018 where UMWA President Cecil Roberts said, “Those great powers that be told us, when we faced far harsher conditions, ‘You can’t win!’ So, we organized and we fought! We won our union! They told us, when we all joined together to fight for civil rights, ‘You can’t win, give up!’ So we organized and we fought, united, and we won! Always, the powers tell us that we can’t win, that we shouldn’t organize, we shouldn’t fight. But we organized and we fought and we won because we stood together united! We’re organized, we’re fighting, and we are going to win!”



**Whereas** defined benefit pension plans are insured with guaranteed benefits while defined contribution retirement savings plans have no such protection; and

**Whereas** a major factor in the threats to retirement security has been the trend over the last twenty years to replace defined benefit pension plans with unprotected retirement savings plans such as 401(k) plans; and

**Whereas** this growth in retirement savings plans at the expense of defined benefit pension plans has led to retirees and workers facing much more risk in their retirement incomes; and

**Whereas** a growing number of employers with traditional pension plans are freezing benefits particularly for young employees or are not offering its pension plan to new hires; and

**Whereas** conversions from traditional defined benefit plans to cash balance pension plans can have a negative impact on older and long-tenured employees, a group that is least able to make up for any losses because of their proximity to retirement; and

**Whereas** Social Security has not kept pace with the increased cost of living for the elderly; and

**Whereas** nearly half of full-time workers in the private sector have no retirement plan whatsoever creating a potential for economic hardship by millions of Americans during their retirement years; and

**Whereas** automatic enrollment in workplace retirement plans can increase participation as much as six-fold; and



**Whereas** the Savers Tax Credit created in 2001 provides tax incentives for savings, although it does not help lower-income families who do not owe taxes; and

**Whereas** efforts to balance budgets have often prompted state and local governments to reduce or freeze their contributions to employee pension plans, or even raid plan assets, thereby putting the retirement security of public employees at risk; and

**Whereas** politicians in states such as Alaska, Arkansas, California, Colorado, Connecticut, Kentucky, Hawaii, Illinois, Mississippi, Oregon and others have embarked on a nationwide campaign to eliminate existing defined benefit pension plans in the public sector in favor of defined contribution plans that shift primary responsibility for retirement security to employees.

**Therefore, be it resolved** that the Alliance for Retired Americans believes that:

1. Retirees need protections against the unscrupulous, unethical, and illegal practices that have characterized too many retirement savings plans; and
2. Congress should pass tough laws and provide enforcement agencies with appropriate funding in order to protect retirees against wrongful practices in retirement plans; and
3. Federal legislation needs to hold corporate officers accountable for their actions regarding retirement savings plans; and
4. Loopholes that allow companies to underfund pensions should be closed. Plan sponsors should be held accountable for adequately

funding their plans; and

5. Workers and retirees should have representation on the boards of trustees of all defined benefit and defined contribution plans. The trustees need to be bonded in case they are found to have acted unlawfully and plan participants need to be made whole; and

6. A national ombudsman to protect the rights of plan participants should be established within the United States Department of Labor, with defined responsibilities; and

7. Investment advisers must not have any conflict of interest in stocks or other investment instruments they recommend to plan participants. Accounting firms must not receive consulting fees and contracts from the firms that they audit; and

8. In conversions from traditional defined benefit plans to cash balance pension plans or similar hybrids, participants should be allowed the choice of receiving benefits under the old formula or the new formula, whichever benefit is higher; and

9. There should be greater tax incentives for employers who start plans, including Simplified Employee Pensions (SEPS), or agree to cover all their workers; and

10. The Savers Credit should be made permanent and available to those with somewhat higher incomes than currently allowed. It should also be refundable in order to provide a better incentive for low-wage, non-taxed workers to contribute to retirement savings plans; and



11. Automatic enrollment should be a part of workplace retirement plans whether defined benefit, defined contribution or hybrid. Workers could still opt out but would need to take specific action to do so; and

12. Public sector pension plans should have federal protections along the lines of those for private sector plans in the Employee Retirement Income Security Act (ERISA), which would require employers to make responsible contributions to their plans and prevent them from raiding plan funds; and

13. Political leaders should recognize that public employees and retirees deserve the retirement security provided by traditional defined benefit pension plans— particularly because they make substantial contributions to these pension plans and give up wages in exchange for that security—and should end their campaigns to abandon public workers to the risks and uncertainties of personal retirement accounts and that plan changes should only be proactive if there is a proposal to diminish benefits; and

14. Bankruptcy laws should protect the rights and benefits of retirees and workers under defined benefit, defined contribution, and health care plans. The protection of these benefits should have the highest priority possible under bankruptcy laws.

**Be it resolved,** that the Alliance for Retired Americans urges the members of the Joint Select Committee report to both chambers of the Congress by the end of November 2018 bi-partisan agreed legislation aligned with the intent of the of the Butch Lewis Act;



**Be it further resolved** that the Alliance for Retired Americans urges U.S. Senators and Representatives vote for the Committee agreed legislation that addresses the tenets of this resolution; and

**Be it further resolved** that the Alliance for Retired Americans demands that Congress fully fund the Pension Benefits Guaranty Corporation; and

**Be it further resolved** that the Alliance for Retired Americans looks to and demands that Congress revise the corporate bankruptcy laws in order that single and multi-employer pension plans, as well as 401(k) plans, are placed higher in the order of creditors and that workers be granted a separate class action claim in bankruptcy proceedings to secure the earned benefits of individual workers.