# Multi-employer Pensions

Handout

On November 30, 2018, the Joint Select Committee on the Solvency of Multi-employer plans adjourned without issuing any recommendations. The bicameral and bipartisan committee mission was to improve the solvency of multi-employer pension plans.

Multi-employer pension plans are collectively bargained plans maintained by more than one employer, usually within the same or related industries – such as construction, retail, manufacturing, transportation, mining – and a labor union.

## The Problem

Several multi-employer pension plans are on the brink of insolvency, primarily Central States, a Teamster plan. If the plan is declared insolvent, the plan will be taken over by the Pension Benefit Guaranty Corporation (PBGC), and approximately one million pensioners will lose 50% to 75% of their benefits.

If Central States and other at-risk plans fail, the PBGC's own multi-employer pension trust fund will collapse and put the pensions of over 10 million families at risk.

## Addressing the Problem

The Butch-Lewis Act, sponsored by Senator Sherrod Brown (D-OH), would provide low-interest. 30-year loans to troubled plans in critical and declining status. The Congressional Budget Office estimates the loan program would cost $32 billion over 10 years, far less than the $101 billion it would cost retirees and taxpayers if the PBGC were to fail. Providing assistance or a loan guarantee to troubled entities is not unprecedented. Congress has taken action and provided many industries with financial support in the past. For example, as a result of the housing crisis in 2008, Congress provided $280 billion for Citigroup, $180 billion for AIG, $142 billion for Bank of America and $293 billion for the Savings and Loan industry in 1989.

## The Ask

The Alliance for Retired Americans urges Congress to enact the Butch Lewis Act or some other loan guarantee legislation that protects retirees' hard-earned benefits and ensures the solvency of the PBGC's multi-employer pension trust fund.