



April 19, 2016

The Honorable Mitch McConnell, Senate Majority Leader
The Honorable Harry Reid, Senate Minority Leader
Members of the U.S. Senate Health, Education, Labor and Pensions (HELP) Committee
Members of the U.S. Senate Committee on Finance

RE: Please support multiemployer pension plan reform proposal developed by national labor and management organizations.

Dear Senators:

The International Association of Bridge, Structural, Ornamental and Reinforcing Iron Workers and The Association of Union Constructors (TAUC) join together as representatives of labor and management to urge Congress to support efforts to enact multiemployer pension reforms that provide joint labor-management pension fund trustees the flexibility to ensure the long-term viability of their pension funds. Specifically, we call on Congress to authorize the voluntary use of innovative plan designs – such as composite or hybrid plan structures – that would allow multiemployer plan trustees to ensure their plan participants continue to have lifetime retirement security in the future.

For over a decade, the Ironworkers and TAUC have worked together to improve the status of many multiemployer pension plans. These efforts have resulted in significant increases in employer pension contributions, changes to the retirement benefits of plan participants, and the consolidation of some plans. These aggressive actions taken jointly by labor and management have helped place many plans on the path to long-term sustainability. Undoubtedly, these actions have strengthened the retirement benefits of these plans' participants.

Yet, due to the unexpected financial crisis of 2008 and the ongoing economic recovery in the construction industry, a number of multiemployer pension plans still stand on the brink of financial collapse. These deeply troubled plans could face insolvency in the near future. If left unresolved, the crisis facing multiemployer pension plans will be devastating not only to our members, employees, and retirees, but potentially harmful to many others, including the nation's pension retirement system and taxpayers.

If authorized, composite plans will significantly benefit both the 120,000 skilled craft men and women in the Ironworkers and the 2,100 employers that belong to TAUC. They will ensure a more secure

retirement for many of these workers by granting trustees the tools to develop solutions together through collective bargaining and cooperation at the pension fund level.

Federal law currently allows only for a traditional Defined Benefit (DB) Plan or a 401(k) style Defined Contribution (DC) Plan. For over 70 years, DB plans have been the primary source of benefits for participants in multiemployer pension plans. Unfortunately, market volatility and concerns about unfunded pension liability have caused contributing employers to question their continued participation in multiemployer plans. This instability in the current DB pension system has employers worried about the viability of their businesses, leading many to leave the system. Labor representatives, however, have been generally skeptical and unwilling to negotiate a DC plan, which would shift the burden and the risk to the plan participants. Composite or hybrid plans are designed to bridge the gap between the existing options. The benefit offered under such pension plans would be a lifetime benefit and employers would have cost predictability.

Composite plans would allow trustees and bargaining parties, if they so choose, to fundamentally rebalance the risks in pension funding. The new plan designs would retain the guaranteed lifetime income feature of DB plans so no participant has to fear outliving their retirement savings. At the same time, these designs would also reduce (if not outright eliminate) contributing employers' unfunded liabilities, an attractive facet of DC plans.

The current threat of unfunded liability has significantly reduced the pool of contributing employers and is discouraging new employers from joining these plans. A recent study by the Society of Actuaries (SOA) found that in 2013 the total unfunded liabilities in the multiemployer pension system were at least \$115 billion. Employers would only be required to contribute the amount negotiated in their collective bargaining agreements and would not take on outside liabilities.

Our organizations are committed to maintaining pension benefits for the men and women who build, maintain, and modernize this nation's infrastructure and industrial facilities. If authorized by Congress, composite plans will provide labor and management the option to choose a plan design that provides a safe and secure lifetime retirement benefit to employees without risking the survival of businesses that offer good middle-class jobs with important benefits for workers and society.

Please join us in supporting the authorization of the voluntary use of composite plans.

Sincerely,



Eric Dean, General President
International Association of Bridge, Structural,
Ornamental and Reinforcing Iron Workers



Tom Felton, President
The Association of Union Constructors
(TAUC)