

June 10, 2020

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

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

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

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

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

On behalf of the members of the undersigned organizations, we are writing to urge the adoption of necessary and common sense pension reform legislation in the next COVID-19 relief law. Specifically, our organizations support legislation that both helps multiemployer pension plans and their participants who are facing insolvency, and also allows healthy pensions that wish to evolve away from a strict defined benefit pension to create an optional composite plan that will safeguard the interests of participants while preventing further unfunded liability.

There is no question that urgent help is needed for the approximately 1.5 million participants of critical and declining pension plans, some of which are scheduled to become insolvent in the next few years. We have been working together for ten years to find solutions to this crisis, and applaud both the House and Senate for continuing to work with us to address this serious problem.

We encourage Congress to continue to work toward an agreement that will shore up the Pension Benefit Guaranty Corporation (PBGC) by providing sufficient Federal funding to secure the retirement benefits of millions of Americans.

We also strongly believe that any pension reform legislation should include the creation of a new optional composite retirement plan, as laid out in the GROW Act. These composite plans, whose use can only be authorized by Congress, are a type of retirement plan structured to provide a lifetime benefit similar to a defined benefit plan but subject to additional rules that share the risk of funding the plan between employers and employees. While they would be new in the United States, they have been used with success throughout Canada. Going forward, these plans would provide better protections for participants than a typical 401(k), would pay a lifetime benefit to retirees, and would ensure that workers continue to benefit from pooled investments managed by professionals.

They would also be more flexible and able to withstand downturns while eliminating withdrawal liability to help ensure that the current pension crisis won't be repeated. Unlike current multiemployer plans, GROW Act composite plans must maintain stricter funding standards which will make sure those plans participants are protected. However, participation in a composite plan is not mandatory – it must be adopted through agreement of the union and management trustees of those plans who believe it to be in the best interest of participants.

In addition, we call on Congress to include a special partition program as part of pension relief. The COVID-19 crisis has caused many pension plans to experience significant investment losses, further worsening their plan status. Passage of a special partition program would expand the PBGC's existing

authority, increase the number of eligible plans, and simplify the application process. This would allow more troubled plans to obtain much-needed relief.

We are very pleased that the bipartisan GROW Act composite provisions and the special partition program are included in both H.R 6800, the HEROES Act passed in the House, and in the pension reform provisions being proposed by Senators Grassley and Alexander in the Senate.

We encourage leadership from both chambers and both parties to include comprehensive pension reform in the next funding package that includes the creation of composite plans as well as partition.

Sincerely,

- Associated General Contractors of America
- FCA International
- International Council of Employers of Bricklayers and Allied Craftworkers
- International Union of Operating Engineers
- Laborers' International Union of North America (LiUNA!)
- Mechanical Contractors Association of America
- National Electrical Contractors Association
- Sheet Metal and Air Conditioning Contractors' National Association
- The Association of Union Constructors
- The International Association of Bridge, Structural, Ornamental and Reinforcing Iron Workers
- The Signatory Wall and Ceiling Contractors Alliance
- United Association of Plumbers and Fitters
- United Brotherhood of Carpenters and Joiners of America



INTERNATIONAL COUNCIL OF EMPLOYERS
of Bricklayers and Allied Craftworkers



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SWACCA

