

Talking Points on the Need to Authorize the Use of Composite Plans

- While the full impact of the COVID-19 crisis on the multiemployer pension system will not be known for some time, there is no doubt that the impact on participants, employers, plans and the PBGC will be severe.
- The recently passed legislation in the House - H.R 6800, the HEROES Act – included critically important multiemployer pension reform provision.
- Specifically, the legislation included the special partition program designed to rescue failing multiemployer pension plans, as well as the “GROW Act” – which authorized the voluntary use of composite plans.
- Similar provisions are being proposed by Senators Grassley and Alexander in the Senate, and I urge the Senate to include these multiemployer pension reforms in its next COVID response package.
- As a signatory contractor to [multiple] multiemployer pension plans, these provisions are vital to the long-term viability and competitiveness of my business and our firm’s ability to continue to provide retirement security to the craft workers we employ.
- Any legislative package to address the crisis facing the multiemployer pension system must also authorize the use of hybrid composite plans to provide signatory employers and employees participating in multiemployer pension plans with more choices in retirement plan models.
- Composite Plans are a critical reform for the long-term viability of construction industry businesses and is key to avoid jeopardizing the retirement benefits for millions of active and retired construction craft workers. Providing a new self-help hybrid option for plans will prevent more plan failures and stabilize funding volatility in the future at no cost to the Federal government.
- Composite plans would enable multiemployer pension plan trustees to **voluntarily** adopt more flexible plan structures that would reduce risks for contributing employers while still provide reliable, lifetime retirement security for plan participants.
- TAUC’s members remain committed to maintaining the pension benefits and retirement security for the craft people they employ. Unfortunately, uncertainty and risk in the current multiemployer pension system -- which has been exacerbated by the COVID-19 pandemic -- threaten its overall long-term sustainability.
- Market volatility and default by other employers create unpredictable, unacceptable risk. Resulting unfunded liabilities create withdrawal liability, which leads to lending and bonding issues for construction industry employers. This unquantifiable risk serves as a barrier to

new employers entering the system and creates an incentive for current employers to leave the system, further destabilizing the plans.

- Authorizing the use of composite plans would provide a private sector solution -- not requiring government dollars -- and would prevent the current funding crisis in the multiemployer pension system from happening in the future.