

May 12, 2020

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

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

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

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

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

Our nation faces an unprecedented public health emergency and the economic toll on workers, retirees and employers is just beginning to be felt. Congress should build on recent coronavirus economic relief measures and enact policies to shore up the multiemployer pension plan system. Multiemployer pension plans, providing retirement benefits to over 10 million Americans, are struggling. Decisive and urgent action is needed to help plans recover their financial footing and to shore up the system so plans can continue to provide a secure retirement for workers and retirees.

Beyond market losses, plans are losing employer contributions. Multiemployer pension plans are funded through hourly contributions and as cities and entire states shelter in place, many public and private construction projects are slowing or shutting down. When construction projects pause, the plans lose the hourly contributions they need to survive and when coupled with market downturns this is devastating to plans.

That is why it is critical for Congress take immediate steps to address the funding crisis faced by the multiemployer pension plan system. Congress should provide direct funding to the Pension Benefit Guaranty Corporation to avert plan failures; allow actuarial smoothing so plans can better weather the unprecedented global health crisis; reform funding rules; give plans faster access to funding tools; and authorize a new hybrid plan design, Composite Plans, which are better structured to withstand market downturns in the future, while simultaneously protecting both employers and participants. We are in the midst of the third market meltdown plans have faced since 2000 and the current defined benefit system has been proven to be inadequate. The long-term survival of Multiemployer Retirement Plans requires a structural change to protect such Plans by deterring the devastating effects of future market downturns and/or loss of hourly contributions. Composite Plans will provide that protection and provide a stable retirement system for current and future workers for decades to come.

Composite plans, whose use can only be authorized by Congress, are a new type of retirement plan that will modernize traditional pension plans by combining the key features of defined benefit and defined contribution plans. 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) but also would allow employers to better

prepare for future financial obligations, which will be critical in the coming months and years as employers must be on a sound financial footing to put workers back to work and return to a sense of normalcy.

The urgency cannot be overstated. Every day Congress waits to act, the problem is harder to solve, and participants and job creators suffer. The groups below look forward to working with Congress to enact these policies without delay.

Sincerely,

Associated General Contractors

FCA International

International Council of Employers of Bricklayers and Allied Craftworkers (ICEBAC)

Mechanical Contractors Association of America

National Electrical Contractors Association

Sheet Metal and Air Conditioning Contractors' National Association

Signatory Wall And Ceiling Contractors Alliance

The Association of Union Constructors