

Written Statement for The Record of Douglas J. McCarron General President,
United Brotherhood of Carpenters and Joiners of America
For the U.S. House Committee on the Ways & Means
Subcommittee on Select Revenue
Hearing on Private Employer Defined Benefit Pension Plans
Wednesday, September 17, 2014

Chairman Tiberi, thank you for the opportunity to submit this statement for the record on behalf of the 450,000 members of the UBC and for holding a hearing on Private Employer Defined Benefit Pension Plans.

The topic of retirement security, particularly for multiemployer plan participants, is particularly urgent.

In just the last year, as you know, we have seen multiemployer plans begin to fail, one in my union. Retirees in the plans have had their earned retirement benefits cut and the federal backstop – the Pension Benefit Guaranty Corporation (PBGC) – announced a projected funding shortfall that shines a bright light on need for immediate action to preserve the multiemployer pension system.

The PBGC's own estimates say it will run out of money in its multiemployer fund in less than a decade, and sooner if some of the bigger multiemployer plans fall on even harder times.

There are nearly 11 million multiemployer pension participants nationwide, creating an economic impact of over \$38 billion.

The situation is urgent. The longer Congress waits to act, the more dire the stakes. The longer Congress waits, the greater the chance more employers leave their multiemployer plans, creating instability, jeopardizing retirement security and putting the entire system at risk.

The longer Congress waits to act, the more severe benefit cuts will become.

Plans nationwide have used every tool available to them to extend solvency. Active Workers have accepted reduced benefits and wages to support these important retirement instruments.

We aren't asking for a bailout, or for Congress to make any tough decisions about the future of individual plans.

Rather, what we propose is for Congress to give plans the tools to modernize and avoid insolvency. Our proposal is called Solutions Not Bailouts and it was formed after stakeholders from labor and business came together to address this problem before it is too late.

Our common sense plan helps those plans in trouble avoid losing everything and those that aren't better prepare for the future. It also protects taxpayers from footing the bill through a bailout that will cost billions.

We agree with you, Mr. Chairman: we cannot afford to do nothing to address the challenges facing multiemployer pensions. Too many employers, workers and retirees are counting on their multiemployer plans. If nothing is done, not only will the system collapse, but thousands of American businesses will fail, countless jobs will be lost, and retirees will lose almost everything.

I urge Congress to work together, as we have, to preserve multiemployer retirement security.

Workers deserve a secure retirement. Businesses large and small should be allowed to continue to compete in their markets and contribute to our economy. Retirees deserve the opportunity to preserve their benefits.

Congress can give us the tools to do just that by enacting the common sense Solutions Not Bailouts proposal

I thank the Subcommittee for holding this hearing and for bringing attention to the importance of reforming our multiemployer pension system.

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