

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

JAMES P. HOFFA
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July 8, 2019

The Honorable Richard Neal
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin Brady
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Neal and Ranking Member Brady:

This week, the Committee on Ways and Means will have the opportunity to ensure that more than a million retirees and workers who have played by the rules will receive the pension benefits they have earned through years of hard work. On behalf of the International Brotherhood of Teamsters, its retirees and working families, I urge you to approve H.R. 397, the Rehabilitation for Multiemployer Pensions Act (often referred to as The Butch Lewis Act).

As you know, the multiemployer pension system has for many decades been an essential foundation for providing financial security in retirement for millions of Americans and their families. Now, through no fault of their own, the earned pension benefits of millions of retirees are being threatened due to the “critical and declining” (financial) status and the impending insolvency of a number of multiemployer pension plans. H.R. 397 will ensure that we meet our obligations to current retirees and workers for years to come and to do so without retiree benefit cuts. It will strengthen these plans and provide a path forward for financial stability and solvency. It will provide improved retirement security for both workers and retirees. And, it will lessen the financial pressure on the Pension Benefit Guarantee Corporation (PBGC) which also faces insolvency.

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The bill creates a Pension Rehabilitation Administration (PRA) which would sell Treasury-issued bonds on the open market and then loan money from the bond sale to these critical and declining multiemployer pension plans. Plans borrowing from the PRA *must* set aside the money in separate investments that match pension payments for retirees. Retirees and their families are guaranteed their promised benefits. It will also free up remaining assets and future contributions to protect the benefits for active workers.

PRA loans will not be sufficient to help all financially troubled multiemployer pension plans. Some will need additional help. For such plans, the bill proposes that the PBGC provide such help. In doing so, the cost to the Federal government and the U.S. economy will be far less than allowing Plans and the PBGC to fail. Unlike the current federal pension insurance program, H.R. 397 protects benefits before plan failure.

The financial distress many of these plans face were and are beyond the control of these retirees and workers. Multiemployer pension plans have been buffeted by economic turbulence over the decades –from deregulation to financial melt downs to recessions.

Pension statutes and legislation are extraordinarily complex, none more so than multiemployer and Taft- Hartley pension plans. They are both unique in their structure, and the challenges they have faced. If these plans fail, it will not only impact the retirees receiving the benefit, there will be a broader impact on the economy – adverse effects on economic growth and tax losses to state, local and federal governments.

H.R. 397, the Rehabilitation for Multiemployer Pensions Act provides a mechanism for “critical and declining” multiemployer pension plans to address their serious underfunding problem. It will strengthen these plans and provide a path forward for financial stability and solvency. Importantly, the bill does this while avoiding retiree benefit cuts.

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I hope that I can report to our retirees and members that you stood with the International Brotherhood of Teamsters family to enact this vitally important legislation.

Sincerely,

A handwritten signature in black ink that reads "James P. Hoffa". The signature is written in a cursive style with a large, looping initial "J".

James P. Hoffa
General President