



May 8, 2013

Dear Senator/Representative:

As leaders of our respective organizations, the International Brotherhood of Electrical Workers (IBEW) and the National Electrical Contractors Association (NECA), we write jointly as labor and management in support of the National Coordinating Committee Multiemployer Plan's (NCCMP) Retirement Security Review Commission's report entitled "Solutions not Bailouts: A Comprehensive Plan from Business and Labor to Safeguard Multiemployer Retirement Security, Protect Taxpayers and Spur Economic Growth."

Two years ago, IBEW, NECA and more than forty labor and management stakeholders partnered up with the NCCMP to form the Retirement Security Review Commission. The Commission's goal was to create a proposal that presents solutions that will ensure multiemployer pension plans can continue to provide a reliable retirement benefit to millions of Americans while enabling the employers who fund them to remain strong contributors to the national economy.

The proposal offers recommendations that address the deeply troubled plans heading toward insolvency, includes technical provisions that will improve the current system and offers new flexible plan design options aimed to reduce employers risk and eliminate withdrawal liabilities. There are several considerations of the proposal that warrant our recommendations:

- *Strengthen the Current Funding Rules to the Pension Protection Act of 2006 (PPA).* While the PPA provided some relief to multiemployer pension plans and helped companies recover losses incurred as a result of the financial crisis, IBEW and NECA believe that further changes to the PPA are necessary to improve the health and viability of these plans. The Commission has offered an array of technical provisions that will improve the current system by providing flexible rules to allow trustees of plans facing financial instability to adapt to changing economic and market conditions as they occur.
- *Provide Relief to Deeply Troubled Plans Heading Toward Insolvency.* Severely troubled plans that are projected to become insolvent need more tools to prevent the plans from exposure of the Pension Guaranty Benefit Corporation (PBGC). Under the PPA, plan trustees were granted the authority to temporarily reduce benefits for active participants. Unfortunately, there remain plans where those suspensions were not enough to avoid insolvency. In these exceptional circumstances, these additional tools will grant plan trustees additional authority to take appropriate measures to partially suspend accrued benefits for active and inactive vested participants. Such suspensions would be limited to the amount of time essential to prevent the plan from insolvency; the benefits could never go below 110 percent of the PBGC guaranteed amounts.
- *Create New Flexible Plan Designs.* A transient workforce, an aging population, and a weak economy have led to unsustainable pension contributions and unfunded withdrawal liabilities that continue to put a strain on contributing employers. These growing concerns led the Commission to recommend two new plan designs. Both of the new plan designs are distinguished from a traditional defined benefit plan because they have shared risk amongst the employer and the employee and they significantly reduce an employer's exposure to withdrawal liability.

*Solutions Not Bailouts: Revenue Neutral and Not Mandatory.* All multiemployer pension plans are the product of collective bargaining agreements. The proposed recommendations put forward by the Commission will not mandate plan trustees to adopt these changes. Rather, they will provide the tools to provide relief to multiemployer pension plans that have existing funding liabilities. If enacted as proposed, these legislative changes will be revenue neutral, American taxpayers will not bear the cost of the plan, and multiemployer pension plans will continue to provide financial security to retirees nationwide.

Since 1946, IBEW and NECA have worked together through the collective bargaining process to offer a pension plan that would help bring security, dignity, and peace-of-mind to all plan participants. Today, our joint labor-management, multiemployer pension plans have successfully provided coverage for millions of plan participants, retirees and surviving spouses, as well as its contributing employers. We urge you to support the NCCMP proposal and we look forward to working with you to ensure its passage this year.

Sincerely,

Edwin D. Hill

International President

International Brotherhood of Electrical Workers

John M. Grau

Chief Executive Officer

National Electrical Contractors Association