

The Plan to Save Truckers' and Miners' Pensions Is Running Out of Time

House approves \$48.5 billion package offering forgivable loans to the most troubled multiemployer pension funds



About 10 million workers and retirees participate in multiemployer pension plans. Those covered include not only miners and truck drivers but also bricklayers, musicians, steelworkers, roofers, woodworkers and a range of other laborers. PHOTO:ANDREW HARRER/BLOOMBERG NEWS

By *Heather Gillers*

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U.S. senators are gearing up for a battle over how to fix the pensions of about 1.3 million retirees and workers in trucking, mining and other industries.

These workers are covered by what are known as multiemployer pension funds, which are maintained under collective-bargaining agreements between a union and several different employers. The plans in the worst financial condition are short an estimated \$100 billion to pay out retirees.

Late Wednesday, the Democratic-controlled House of Representatives approved a \$48.5 billion package that offers forgivable loans to the most troubled plans. Senate Democrats introduced the same legislation Wednesday. But the Senate proposal is unlikely to gain the necessary votes from Republicans, according to analysts and government officials.

The growing need for new capital is setting the stage for a showdown in the coming months after a [government plan](#) to address the issue missed its deadline last year. Many of the retirement funds

have less than a decade of benefits left. Moreover, the government insurance program that backstops these pensions has warned it expects to run out of money by 2025.

Failing to address the shortfall this year would trigger “an economic tsunami for retirees, employers and the U.S. taxpayer,” said Michael Scott, executive director of the National Coordinating Committee for Multiemployer Plans, a group of employers, pension funds, unions and workers.

About 10 million workers and retirees participate in multiemployer pension plans, which are backstopped by the Pension Benefit Guaranty Corp., the government’s pension insurer. Those covered include bricklayers, musicians, miners, steelworkers, roofers, truck drivers, woodworkers and a range of other laborers.

Workers in failing plans receive maximum coverage of about \$12,870 a year for 30 years of service by the PBGC. Should the PBGC itself run out of money, it would only pay a fraction of that total from the money it collects from solvent plans in the form of yearly premiums. The NCCMP estimates that would amount to about as little as \$643 a year.

Multiemployer pension plans were once stable, in large part because they were serving thriving industries.

But the past several decades have been marked by declines in mining and manufacturing jobs. Others businesses, such as trucking, underwent fundamental changes.

Multiemployer plans are also affected by the same factors that have slammed other pension plans. Employers for years kept annual payments down by relying on investment-return projections that turned out to be optimistic and often underestimated how long workers would live. Participants in multiemployer plans, however, don’t have the same legal protections for their pensions as government workers.

“They gave up raises and bonuses during their working years for the promise of peace of mind in their golden years, but here they are, finally ready to collect, and there’s no one home,” said West Virginia Democrat Joe Manchin, one of the senators who introduced the bill Wednesday.

Lawmakers agree on the need for action but have argued over possible solutions and the cost of the House proposal. The House plan is known as the Butch Lewis Act, after an Ohio retiree.

The PBGC's projection of a \$100 billion shortfall for the plans in the worst condition is based on a conservative return projection. But the plans themselves use higher rates that can lead to shortfalls if returns don't materialize as expected. Forcing the better-funded plans to use more-conservative rates — a possibility contemplated by lawmakers last year — would make the financial problems in multiemployer plans look even more widespread.



Multiemployer pension plans were once stable, in large part because they were serving thriving industries. But businesses such as trucking have undergone fundamental changes. PHOTO: ALEXANDER FARNSWORTH/DPA/ZUMA PRESS

The Congressional Budget Office, which came up with the \$48.5 billion price tag, said it is difficult to predict the cost of the type of rescue plan lawmakers are contemplating because it isn't clear under which conditions the loans could be forgiven. The estimated cost of the bill fell by \$16 billion after representatives added a tax provision unrelated to multiemployer pensions that requires inherited retirement accounts to face taxes faster than under current law.

Sen. Rob Portman, an Ohio Republican and a member of last year's Joint Select Committee on Solvency of Multiemployer Pension Plans, "supports the goals of the Butch Lewis Act, but there remain significant concerns about its cost to taxpayers and whether it addresses the structural problems under current law, as outlined by the Congressional Budget Office," a spokeswoman said.

Watching closely are workers and employers participating in the plans, who could be asked to pay more to the PBGC to help cover promises to workers in failing plans.

"We hope that recent legislative action in the House will lead to bipartisan, bicameral discussions resulting in comprehensive legislation that can be enacted this year," said United Parcel Service

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Do you think the Senate will go for a rescue package for truckers' and miners' pensions? Why or why not? Join the conversation below.

Inc. spokeswoman Kara Ross. UPS truck drivers and package handlers participate in multiemployer plans.

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