



NEWS RELEASE

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Multiemployer Pension Protection 2.0: More Robust Legislation Needed to Address Plans' Funding Challenges

WASHINGTON—The American Academy of Actuaries, the public policy and professionalism voice of the U.S. actuarial profession, is calling upon Congress to act on legislation to address challenges facing multiemployer pension plans.

In a March 31 [letter](#) to congressional leadership, the Academy's Pension Practice Council urges Congress "to act before adjourning *sine die* at the end of 2014 to address the uncertainties and funding issues faced by multiemployer plans and the Pension Benefit Guaranty Corporation (PBGC) multiemployer program." The council warns that important provisions in the Pension Protection Act of 2006 (PPA) addressing multiemployer plan funding that sunset at the end of this year must not only be extended, but also improved.

Failure to extend the PPA would have "detrimental effects" on both multiemployer plans that are operating under recovery programs, and those that might eventually need to do so, the council says. "While the Pension Protection Act of 2006 (PPA) provided many tools and stricter funding requirements that have helped multiemployer pension plans meet [funding] challenges, the experience over the past several years has proven that there is still much room for improvement."

It cites several challenges driving the need for a more robust successor multiemployer plan funding regime, including:

- The exhaustion of funds that faces the most severely underfunded plans. This could lead to benefit reductions to the PBGC-guaranteed amounts, the exit of employers facing plan insolvency from the multiemployer system, and financially unbearable withdrawal liabilities for participating employers.

(MORE)

- Financial jeopardy for the PBGC’s multiemployer insurance program itself, caused by the looming insolvency of many multiemployer plans and PBGC’s current deficit. A bankruptcy of this program could severely impair the agency’s benefit guarantees to as many as 1.5 million plan participants.

The Academy is also offering Congress assistance as it evaluates reform ideas and develops legislation to address these and other challenges facing multiemployer pension plans.

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The American Academy of Actuaries is an 18,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. The Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

Media only: To arrange an interview with Academy Senior Pension Fellow Donald Fuerst, contact David Mendes, assistant director of communications, public affairs, at 202.384.2075 or mendes@actuary.org.