From the very beginning of the United Association, our organization has fought hard for pensions for our members. We strongly believe that every UA member has a fundamental right to a secure retirement, beyond what is offered through Social Security. That was the reason our multiemployer plans were established in the first place, and these plans have proven to be some of the most successful pension programs ever created.

The UA and its locals alone have $30 billion invested in multiemployer plans. The UA national plan last year did well, and we project a 16 percent return for this fiscal year. The vast majority of UA multiemployer plans have excellent trustees and are in good financial shape. Unfortunately, in the world of multiemployer plans, it only takes one or two big plans to put the Pension Benefit Guaranty Corporation (PBGC—the agency that insures these plans) deep into the red. For example, failure of the Central States Teamsters plan alone could blow a big hole in the PBGC. That would mean all plans would be less secure.

For the past several years, these plans have been threatened by the economic downturn and by the lack of action on the part of the United States Congress to address, among other things, the fact that the multiemployer funding provisions of the Pension Protection Act of 2006 are about to expire. Just letting these provisions expire with no new solutions would be disastrous.

By now, we all know how gridlocked Congress has been for the past few years, and that is having an effect on our multiemployer plans as we work hard to make these plans secure for the long term, not just for today. Congress seems to have little interest in doing anything, much less tackling a challenge as complex as this one.

One thing I want to make clear: We are not asking for a bailout from the U.S. government. In fact, the UA, along with the Building Trades and the National Coordinating Committee for Multiemployer Plans (NCCMP), is trying to offer solutions. In a comprehensive report entitled, “Solutions Not Bailouts,” the NCCMP charts a course that will lead to the careful and thoughtful reforms that are so direly needed.

If the recommendations in “Solutions Not Bailouts” are followed, UA members and their families will have reliable and secure benefits for their retirement years—and generations of UA members to come will have a strong retirement system.

The report from the Retirement Security Review Commission resulted from the work of dozens of representatives from more than 40 organizations, including the UA. The commission had a fairly simple and direct goal: Come up with a plan that 1) continues to provide regular and reliable lifetime retirement income to participants, and 2) reduces or eliminates the financial risk to contributing employers. We understand that the withdrawal liability that exists today is a major hurdle for employers and a roadblock to our ability to sign up new contractors. That is something that absolutely must be addressed.

How did we get to this crossroads? The answer is complicated and involves regulatory and legislative actions by our government, but one of the main reasons for the current situation occurred early in the 21st century. The economic bubble we had been living in burst, and our economy experienced three consecutive years of poor performance by investments—for the first time since before the beginning of World War II. As a consequence, multiemployer plans all of a sudden were concerned about meeting the minimum funding requirements under the law. Just a short time
earlier, these same funds were doing so well some even increased benefits to retirees! I don't want to paint too grim a picture, but the fact is that losses suffered by pension plans in the Great Recession of 2008 can be summed up this way: In 2008, 76 percent of multiemployer plans were financially healthy—that is, they were in the so-called “Green Zone.” By the beginning of 2009, just 20 percent of these plans remained in the “Green Zone.”

I know this is alarming. As a trustee on the UA’s national pension fund, I look at facts and figures all the time, and I understand just how critical it is that this issue be addressed. There are proposals now before Congress that will put pressure off Social Security. We need Congress to act this year to protect our retirement system—and if this Congress won’t do it, then we all need to be out on Election Day voting in lawmakers who will!

As you read this, I urge you to call your elected officials in Congress, and also visit them face-to-face once they are back home from the summer recess. Light a fire under them, and tell them to get to work protecting pensions that members have spent their lives earning. Remind these lawmakers that most contributors to multiemployer plans are small businesses, which every member of Congress at one time or another has said he or she supports.

Our goal as trustees will always be to fight collectively for good and fair pensions for the hardworking folks we represent and, more importantly, who have contributed their own money and sweat over the years. They’ve earned these pensions.

We bailed out the banks and the automobile industry. It ought to be an easy decision for Congress to take the onerous regulations off our multiemployer plans and let them work as they should.