

TALKING POINTS – MULTIEMPLOYER FUNDING RELIEF PROPOSAL

1. The market losses suffered in the current financial crisis are much deeper and affect more plans than those experienced at the beginning of the decade which led to the PPA.
2. While the relief granted to date was helpful in granting time to more adequately assess the magnitude of the losses, it did not provide any direct relief from the challenges imposed by the current funding requirements.
3. The impact of those losses on multiemployer plan funding will directly affect large numbers of contributing employers' ability to remain economically viable and to employ covered participants. Contributions attributable to such employment are critical to the long-term survival of those plans.
4. The relief required is not due to fund design, risky investments, or mismanagement, but is a function of the crisis which has thrown the entire financial sector into worldwide disarray.
5. Like the plans it guarantees, the PBGC is also a financial institution that provides essential services to large numbers of working Americans.
6. Because of industry differences and the upheaval of the economy, the relief measures necessary to assist financially challenged funds are more varied than in the past.
7. The proposals offered range from: providing additional time for plans that are financially challenged, but fundamentally sound; to new financing approaches to help employers meet the increased contribution requirements for plans in critical or seriously endangered condition; to strengthening the PBGC so that it has sufficient resources, direction and authority to achieve its stated mission of promoting defined benefit plans and the security of participants' retirement income.
8. This proposal includes measures designed to help the multiemployer community continue to help support its own through pension plan mergers and other types of joint efforts to achieve administrative and investment economies. For plans unable to survive the crisis, the proposal would give the agency additional flexibility to deploy its resources to benefit plan participants and reduce likely long-term taxpayer costs.