



UA/MCAA Joint Statement of Support For Congressional Action This Year On Composite Pension Plans

The United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry (UA) and the Mechanical Contractors Association of America (MCAA) applaud the efforts of Chairman Kline of the House Committee on Education and Workforce to find solutions to the challenges facing multiemployer defined benefit pension plans. The discussion draft providing for the creation of multiemployer composite plans will address some of the critical remaining issues needed to reform the multiemployer pension system.

For our industry, a failure to address the growing challenges facing multiemployer defined benefit pension plans today will lead to dire consequences for many of these pension plans' stakeholders—the millions of workers and retirees who rely on the promise that these plans would provide them a reliable and steady retirement income and the thousands of employers who contribute to and, along with unions like the UA, have sponsored these plans for decades.

For the last several years, the UA and the MCAA have been active participants in efforts by a coalition of unions, employers and pension plans, spearheaded by the National Coordinating Committee for Multiemployer Plans (NCCMP), to address the challenges our multiemployer defined benefit pension plans now face. And it has been our goal to formulate creative and realistic solutions that balance the interests of all of the plans' stakeholders. We believe the composite plan proposed by Chairman Kline is a critical piece of such a solution for reasons that include the following:

- Composite plans provide life time retirement income based on pooled longevity similar to defined benefit plans. In contrast, workers who must solely rely on defined contribution retirement vehicles face the real possibility of outliving their retirement savings or losing their savings through poor investment decisions.
- Composite plans are not intended to replace defined benefit plans but are intended to be an alternative to the 401(k)/defined contribution plans that are increasingly proposed when an employer refuses to participate in a defined benefit plan.
- The proposal includes provisions to protect and support the continued funding of the legacy defined benefit plans. This serves to protect the current pension benefits earned by retirees.
- Composite plans do not threaten the future funding of PBGC and by preserving the funding of legacy defined benefit plans by employers that would otherwise leave those plans, the composite plan proposal helps to ensure that those legacy plans will continue as long term premium payers.

The UA and MCAA strongly support the proposal to create composite plans and look forward to working with the Committee, and all stakeholders, to ensure passage of legislation this year.