



**American Federation
of Musicians &
Employers' Pension Fund**

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May 30, 2018

The Honorable Orrin Hatch
Co-Chairman
Joint Select Committee on the
Solvency of Multiemployer Pension Plans
219 Dirksen Senate Office Building
Washington, DC 20510-6200

The Honorable Sherrod Brown
Co-Chairman
Joint Select Committee on the
Solvency of Multiemployer Pension Plans
219 Dirksen Senate Office Building
Washington, DC 20510-6200

Dear Co-Chairman Hatch and Co-Chairman Brown:

The undersigned are the Co-Chairs of the Board of Trustees of the American Federation of Musicians and Employers' Pension Fund. Our Fund supports 50,000 active workers, retirees and beneficiaries from across the country who rely on their pension benefits as an important part of their retirement security. More than 5,500 employers in the film, recording, symphonic, television and theater industries contribute to our Fund on behalf of their employees.

We are writing to strongly support the work of the Joint Select Committee on the Solvency of Multiemployer Pension Plans. It is vital that the Committee produce bipartisan legislation by its November 30 deadline to solve the multiemployer pension crisis facing millions of participants nationwide.

Like so many other multiemployer pension funds, ours has endured a combination of severe challenges, including substantial asset losses caused by the 2008 global financial crisis. Despite taking a series of strong remedial actions – including a significant reduction in the accrual of future benefits – our Fund still faces a huge and likely insurmountable gap between its assets and liabilities. Our Fund has been in “critical” status since 2010 and is projected to enter “critical and declining” status in the future.

As members of the Joint Select Committee are aware, over 100 multiemployer funds spanning the US are projected to become insolvent in the coming years. The Pension Benefit Guaranty Corporation has estimated that, absent a change in the law, its multiemployer fund insurance program is expected to run out of money by the end of 2025. If this happens, all participants in insolvent multiemployer funds will have their benefits reduced to virtually nothing. Families will lose their retirement income, local economies will suffer and government services will be further strained. Thousands of businesses will be at risk because of their exposure to massive underfunding obligations. Small businesses, which are rarely equipped to withstand these types of obligations, may be hit the hardest. It's fair and accurate to say that everyone loses if these multiemployer pension funds are allowed to go under.

If and when our Fund enters “critical and declining” status, as Trustees and fiduciaries, we are considering making use of the only tool currently available to us for remediation – the Multiemployer Pension Reform Act of 2014 (MPRA). Benefit reductions under MPRA – while potentially necessary in the absence of other financial relief – would inflict significant pain on a great many of our participants, all of whom face this financial uncertainty through no fault of their own. We would also note that MPRA has not proven to be the comprehensive solution that its proponents envisioned. Out of the 26 applications for benefit suspensions that have thus far been submitted to Treasury, five have been denied, 10 have been withdrawn, six are under review and only five have been approved.

We appreciate that this is a complex issue with no easy solutions. To arrive at the fairest possible outcome, the Committee must consider input from many different stakeholders and evaluate the merits of a range of legislative proposals.

We have been heartened to hear members of the Committee emphasize the importance of approaching this challenge with an open mind and from a bipartisan standpoint. We share those sentiments and would support any approach that realistically addresses the issues facing multiemployer funds such as ours, while also treating our participants fairly. Any solution must be available to all funds in critical and declining status, regardless of whether or not they are able to fulfill the benefit suspension requirements under MPRA.

However, the worst outcome by far would be to let this moment pass and do nothing.

On behalf of our participants, thank you for the opportunity to provide input, and thank you for undertaking this vital mission. Now is the time to act, before this crisis deepens any further. The retirement security of millions of Americans and the economic health of their employers and local communities depend on the actions you take in the coming months.

Sincerely,



Christopher J.G. Brockmeyer
Employer Co-Chair, Board of Trustees



Raymond M. Hair, Jr.
Union Co-Chair, Board of Trustees

cc: The Honorable Mike Crapo
The Honorable Lamar Alexander
The Honorable Joe Manchin
The Honorable Rob Portman
The Honorable Heidi Heitkamp
The Honorable Tina Smith

The Honorable Bobby Scott
The Honorable Virginia Foxx
The Honorable Phil Roe
The Honorable Vern Buchanan
The Honorable Richard Neal
The Honorable David Schweikert
The Honorable Donald Norcross
The Honorable Debbie Dingell