



Pension Fund Notes

Newsletter of the American Federation of Musicians and
Employers' Pension Fund

Trustees Share Concerns with Congress About New Multiemployer Pension Reform Proposal

U.S. Senators Charles Grassley (R-IA) and Lamar Alexander (R-TN) released a “[Multiemployer Pension Recapitalization and Reform Plan](#)” on November 20. As we informed participants in [a recent issue of Pension Fund Notes](#), this proposal would provide financial relief to troubled multiemployer pension plans and make significant structural changes to the multiemployer pension system.

We appreciate that Sens. Grassley and Alexander recognize the need for immediate action. This proposal would allow struggling multiemployer pension plans to “partition” (which means that they would transfer a portion of participants’ benefit liabilities to a second plan administered by the Trustees but funded by the federal Pension Benefit Guaranty Corporation [PBGC]) in order to remain solvent in the future. The original plans would no longer have to fund the benefit payments associated with these liabilities, which would put plans in a better position to regain their financial footing.

The AFM-EPF would qualify for a partition under this proposal. However, the Trustees cannot support the proposal as drafted because it has serious flaws that would negatively affect our participants, our Plan and the multiemployer system as a whole. The Trustees [sent a letter this week](#) to Sens. Grassley and Alexander that laid out our most significant concerns.

Among the concerns identified by the Trustees and their advisors:

- Participants in plans that utilize the relief would still have significant benefit reductions;
- Huge increases in premiums that plans pay to the PBGC would put an enormous burden on our Plan and other financially troubled plans, putting them at continuing risk of insolvency;
- New monthly, per-participant fees paid to the PBGC by unions and employers would make it harder to secure increased contributions, as well as attract and retain employers; and
- Significant changes to the way that plans measure their funding levels would make it more difficult to secure increased contributions and attract and retain employers, and which could actually destabilize the multiemployer system.

You can read [the Trustees’ letter](#) for a more complete explanation of what we found to be concerning in the Grassley-Alexander proposal.

Republicans and Democrats in Congress are continuing to pursue a bipartisan solution that can pass both houses and be signed into law by the President. We understand that compromise will be necessary to achieve this goal, but any legislative solution must avoid doing harm to our participants, our Plan and the multiemployer system.

We will continue to advocate for that and we encourage all participants to [use the tools on the Plan website](#) to contact your Member of Congress and make your voice heard.

[view this email in your browser](#)

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

PO Box 2673

New York, NY 10117-0262

www.afm-epf.org

Want to change how you receive these emails?

You can [update your preferences](#) or [unsubscribe from this list](#).