



# *Pension Fund Notes*

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

## **Joint Select Committee Holds Employer Hearing**

The Joint Select Committee on the Solvency of Multiemployer Pension Plans held its third hearing on Wednesday, June 13 to hear employer perspectives on the national multiemployer pension crisis. The following witnesses testified:

- Mr. Chris Langan, Vice President of Finance, UPS
- Ms. Aliya Wong, Executive Director of Retirement Policy, U.S. Chamber of Commerce
- Ms. Mary Moorkamp, Chief Legal and External Affairs Officer, Schnuck Markets
- Mr. Burke Blackman, President, Egger Steel Company

Full video of the hearing is available on [the Joint Select Committee website](#), along with supplemental testimony from witnesses and opening statements delivered by the Joint Select Committee Co-Chairs, Sen. Orrin Hatch (R-UT) and Sen. Sherrod Brown (D-OH).

As a reminder, participants can visit [the AFM-EPF website](#) to tell their Members of Congress and the Joint Select Committee how important it is that they take action this year to solve this crisis.

Sen. Brown opened the hearing by noting that much attention has rightfully been paid to retirees, but that millions of active workers and thousands of businesses have much to lose if Congress fails to take action.

Ms. Moorkamp and Mr. Blackman described what would happen to their local, family-owned businesses if Congress lets troubled multiemployer pension funds decline and become insolvent. They will face worsening challenges in hiring and retaining workers, obtaining credit from banks, and investing and expanding their businesses. If their multiemployer funds become insolvent, employers will be left paying contributions for benefits that their current and former employees will never receive.

These problems will cause many employers to go bankrupt, which will further increase the burden on their multiemployer funds. Because many employers contribute to multiple

multiemployer funds, employer bankruptcies will have a “contagion” effect throughout the multiemployer system.

Mr. Langan explained that the core problem facing most troubled multiemployer pension funds is negative cash flow—there is more money going out through benefit payments than there is coming in through employer contributions. This is the problem faced by the AFM-EPF. Despite consistent increases in employer contributions, they are outpaced by high levels of benefits that remain from past increases to the benefit multiplier. The [State of the Fund](#) describes this problem in more detail.

Ultimately, witnesses urged Congress to provide troubled multiemployer funds with low-interest government loans. Some witnesses and members of the Joint Select Committee also discussed making broader changes to the multiemployer pension system, such as changing how actuaries measure multiemployer funds’ liabilities, increasing premiums that multiemployer funds pay to the Pension Benefit Guaranty Corporation (PBGC), and changing bankruptcy laws to help multiemployer funds recoup required payments from bankrupt employers.

Mr. Langan described how changing actuarial assumptions would make matters worse by putting even more strain on troubled funds. All witnesses expressed concern that increasing PBGC premiums on these funds would only cause them to become insolvent sooner. Ms. Moorkamp emphasized that Congress must first “stabilize the patient” by providing loans before “curing the patient” by making any systemic changes.

Some members of the Joint Select Committee suggested that if multiemployer funds receive taxpayer-funded loans, then employers and participants must also shoulder some burden. Other members pointed out that participants are in this situation through no fault of their own. Because any solution must have bipartisan support, there was widespread agreement among the Committee that “all options are on the table.”

The range of options discussed at Wednesday’s hearing show why it is so important that participants make their voices heard in Washington. The Trustees will continue to do so as well. Congress must pass a solution that fully solves this crisis and treats our participants fairly. [Click here to learn more](#) or [click here to email Congress right now](#).

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