

United States Senate

WASHINGTON, DC 20510-4804

COMMITTEES
APPROPRIATIONS
ENERGY AND NATURAL RESOURCES
INTELLIGENCE
VETERANS' AFFAIRS

January 29, 2018

The Honorable W. Thomas Reeder
Director
Pension Benefit Guaranty Corporation
1200 K St NW
Washington, DC 20005

Dear Director Reeder:

As you know, the multiemployer pension system is in crisis. According to a 2017 Cheiron report, as many as 114 multiemployer pension plans, including the United Mine Workers of America 1974 Pension Fund (UMWA Pension Fund), are expected to become insolvent – some as early as four years from now. These plans cover almost 1.3 million workers and are underfunded by \$36.4 billion.¹

The UMWA Pension Fund is the most at risk of insolvency. This critical plan, which covers 87,000 retired miners and 20,000 fully vested current workers, is projected to become insolvent in 2022. Their insolvency will come even sooner if we see a market downturn or additional coal company bankruptcies.

While the pensions provided by this plan are modest at an average of just \$586 each month, they represent a very important and sometimes life-saving share of household income for the retired miners and families who rely on them. I cannot overstate the devastating effects that the loss of these pensions will have on these families and the communities in which they live.

If we do not act immediately, the insolvency of the UMWA Pension Fund will be followed by the insolvency of other multiemployer pension plans, including the Central States Pension Funds, which covers more than 400,000 people and is projected to become insolvent in 2025.

Given the urgency of this crisis, we are seeking additional information about the status of the Pension Benefit Guaranty Corporation's (PBGC) Multiemployer Program and the dangers that the pending insolvencies of plans like the UMWA Pension Fund and the Central States Pension Funds pose to the agency.

As the PBGC's 2017 Annual Report specifically stated, the Multiemployer Program is likely to run out of money by the end of 2025 and Congressional action will be necessary to restore long-term solvency of the program.²

1. What impact will the insolvency of the UMWA pension plan in 2022 (or earlier) have on the timing of the solvency of the PBGC's Multiemployer Program?

¹ <https://cheiron.us/articles/Cheiron%20Analysis%20Critical%20and%20Declining%20Plans.pdf>

² <https://www.pbgc.gov/sites/default/files/pbgc-annual-report-2017.pdf>

2. If the Multiemployer Program becomes insolvent, what will happen to the 63,000 retirees³ who currently receive benefits through the program as well as the 87,000 retired UMWA beneficiaries who would need that support once the UWMA plan is insolvent? Would the PBGC be able to provide these beneficiaries with benefits to the guaranteed level? If yes, for how long? What happens after that?
3. Furthermore, will the Multiemployer Program be in a financial position to provide benefits to the 400,000 Central States beneficiaries when that plan becomes insolvent in 2025 or sooner?

Simply put, these pensions are wages that these miners earned over decades of tiresome and dangerous work. They decided to delay receiving these earnings with the expectation that their retirements and their families would be more secure. Today - by no fault of their own - they face the daunting realization that they those pensions and that security will be lost if Congress does nothing. That is why it is critical that immediate action is taken to ensure that these retirees and workers and the families and communities that rely on them will not be abandoned.

I greatly appreciate your assistance in providing accurate and timely information about the scope of the problem that the PBGC and these multiemployer pension plans are facing and ask that you provide a response as soon as possible to ensure that Congress has up to date information as we discuss solutions to this critical problem over the next several weeks.

Sincerely,



Joe Manchin III
United States Senator

³ <https://www.pbgc.gov/sites/default/files/pbgc-annual-report-2017.pdf>