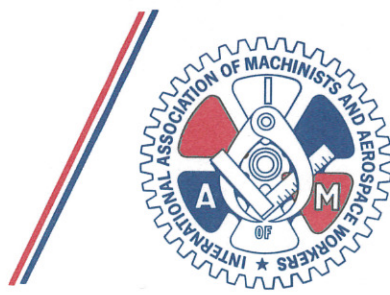


**International
Association of
Machinists and
Aerospace Workers**



9000 Machinists Place
Upper Marlboro, Maryland 20772-2687

Area Code 301
967-4500



OFFICE OF THE INTERNATIONAL PRESIDENT

December 3, 2014

Dear Representative,

I write to reiterate the IAM's strong opposition to the any legislation that would allow the trustees of "deeply troubled" multiemployer pension plans to solve funding challenges by impoverishing current retirees. The National Coordinating Committee for Multiemployer Plans (NCCMP) has proposed allowing "deeply troubled plans" to drastically cut the pensions of current retirees. This would break the promise of a secure retirement that so many workers have sacrificed hard-earned wages and benefits for. The NCCMP proposal would enable trustees to reduce current pensions to 110 percent of the PBGC guarantee, approximately \$14,000 for a worker with thirty years of credited service, though most retirees would receive much less.

Although no data has been provided as to how the proposal to allow cuts down to the 110 percent level was determined, we do know that such an extreme cut is unconscionable and breaks a central tenet of the Employee Retirement Income Security Act (ERISA). ERISA's "anti-cutback rule" permits reductions in future benefit accruals by current employees, but prevents reductions in vested benefits including pensions being paid to retirees and their surviving spouses. This rule is derived from a fundamental understanding that, since the overwhelming majority of retirees do not have the means to increase their income, changing ERISA to allow cuts in promised benefits is a ticket to poverty and dependence on government assistance.

These cuts will also undermine the healthy multiemployer pension plans since workers will be less willing to defer wages into their plans if the "guaranteed" benefits may be cut in the future. Furthermore, amending the anti-cut-back rule will set a dangerous precedent for all other pension programs, including single-employer plans, public sector plans, and Social Security.

Likewise, NCCMP's proposal to "harmonize" the ERISA's current normal retirement age of 65 with Social Security, which increases to age 67 for those born in 1960 or later, will also have a negative effect on future retirees. Many of our members in the IAM work in physically demanding and often dangerous jobs and their bodies are simply worn out by age 65. Furthermore, as we have seen during this so-called recovery, it is very hard for older workers to find new employment. Raising the normal retirement age would only create additional hardships for older unemployed workers since it would delay and/or reduce their retirement benefits

While some pension plans are still struggling from the Great Recession, which required a massive Congressional bailout of Wall Street, cutting retiree pensions is simply the wrong way to address the funding problem of pensions. NCCMP advocates admit that their "solution" may only help 40 percent of deeply troubled plans. All available options must be considered

including raising multiemployer pension premiums to the Pension Benefit Guarantee Corporation (PBGC), encouraging the merger of troubled plans, and finding other sources of capital to shore up the PBGC.

The proposed legislation allowing cuts to retiree pensions has been under consideration in the House for nearly two years, but it has not been subject to a markup or shared with the public. This is very troubling for a proposal that, if enacted, will hurt so many vulnerable Americans. **The promise of a secure pension for America's retirees must not be ambushed in the lame duck session of Congress.**

If you have any questions, please contact Legislative Director Hasan Solomon at (301) 967-4575.

Sincerely,

A handwritten signature in cursive script that reads "R. Thomas Buffenbarger".

R. Thomas Buffenbarger
International President