Karen Friedman's Speech at the ARA Retiree Security Symposium
October 17, 2023

Hi everyone, I'm Karen Friedman, the Executive Director of the Pension Rights Center.

We're a national consumer organization that has been working since 1976 to promote and improve retirement security for American workers, retirees and their families.

It's a real treat to be here today. It has been a long time since I've spoken in person, standing before real humans, not just a computer screen!

First, I want to thank Robert Roach and Richard Fiesta for inviting me here today.

The Pension Rights Center has worked with the ARA and the AFL-CIO and its affiliated unions for decades, and we look forward to continuing our partnerships on retirement income issues going forward.

Since our inception almost 50 years ago, PRC has been instrumental in fighting – alongside our union friends – to pass laws and implement regulations that have expanded pension and retirement rights to widows, divorced spouses, older workers, and retirees.

To achieve victory, we identify a problem, develop solutions with allies, empower and educate activists to advocate for change, and be persistent.

For instance, in just the last year, we saw two of our key priority consumer goals achieved:
One of PRC's priorities – which was realized in the law – was the establishment of a Retirement Savings Lost and Found Registry to help people find retirement plans they lost track of because their companies changed names, restructured or went out of business (so they can be reunited with their benefits). This is a common problem we hear about.

We also helped shape and supported provisions in SECURE 2.0 that address the practice of recoupment – where plans accidentally overpay individuals then demand repayment – years later when they catch the mistake, often causing great hardship to vulnerable retirees. The SECURE 2.0 provisions create important new retiree protections. And again, this is an issue we've heard about from thousands of retirees.

These are great victories.

But of all our many victories, perhaps none have given me as much personal satisfaction as working with Kenny Stribling – and all the members of the National United Committee to Protect Pensions – along with labor unions, ARA and other allies in passing the Butch Lewis Emergency Pension Plan Relief Act (which was passed as part of the American Rescue Plan.)
I also want to shout out to other activists here today – Dana, Don, Davey, Dale – who all were instrumental in passage and enactment of this law.

It took us 8 years of fighting to get Butch Lewis passed, and boy, was it worth it. And for the record, when Robert Roach was the Vice President of the Machinists Union, he was a strong voice in opposing pension cuts to retirees in multiemployer plans.

As Kenny told you earlier today, Butch Lewis has already been a huge success in saving dozens of financially challenged multiemployer pension plans and, in turn, in saving the pensions of hundreds of thousands of retirees, workers and their spouses and widows.

The PBGC has already approved around 65 plans for assistance and estimates that that about 210 plans will ultimately be approved for rescue to the tune of about $80 billion.

But the Butch Lewis victory is bigger than multiemployer plans. It is about worker and retiree power.

The retirees who stood to lose benefits were at the forefront of this movement for change.

And this fight really shows, as Kenny said, how much traditional pension plans and keeping pension promises still mean to workers and retirees.

We need to fight to make sure all Americans have adequate retirement security.

We have seen this theme of pension power emerging more and more recently. The UAW strike against the big three car companies is not just about increasing wages, it’s also about demanding good pensions for all workers. We also recently saw healthcare workers, represented by SEIU, engaging in a three-day strike at Kaiser Permanente also seeking increased pension benefits. The writers’ and actors’ unions are demanding better pensions. And public sector unions are always on guard to protect their pension – despite the fact that most of these plans are well-funded and employees pay into many of them.

The Pension Rights Center stands with ARA and organized labor in advocating for the preservation and establishment of defined benefit plans.

Certainly, while more and more employers are dropping and cutting back these good, guaranteed plans in favor of less secure 401(k) plans, we need to recognize that 28 million people are still covered by these plans.

PRC supports both the preservation of these plans and the development of new plan designs that take the best of defined benefit plans – with guarantees and lifetime income – and combine them with the transparency, portability and ease of 401(k) plans.

PRC has long advocated for the need for a universal, secure and adequate private retirement system in conjunction with a robust Social Security system, and we look forward to working with all of you in coming years to achieve this goal.

However, while we work toward a long-term vision of a better retirement income future, we continue to combat shorter-term threats.

For instance, de-risking, otherwise known as “pension risk transfer,” has become a popular corporate strategy whereby employers remove pension liabilities from their corporate balance sheets by transferring them to insurance companies which then take over the responsibility of paying the monthly benefits to workers and retirees.

Just over the past 13 years, there have been close to 5,000 pension risk transfers totaling around $272.6 billion. In a recent industry survey, about 250 corporations also reported that they plan to de-risk.

This practice is a win for companies and their shareholders because they are removing pension liabilities from their bottom line.

Insurance companies win because they now have new billions of dollars to invest.

But what about workers and retirees? Do they win?

Maybe not so much.

Workers and retirees find out their hard-earned benefits are no longer covered by PBGC insurance and instead are insured by a patchwork of state insurance guarantee associations which are governed by state law.

Also, they may lose additional ERISA protections including protection from creditors, certain spousal benefits and other rights.

As the AFL-CIO and a number of its affiliate unions have also pointed out, “hedge-fund backed insurance companies are trying to dominate this de-risking business -- and the focus of private equity firms is short-term profit -- which is at odds with the long-term nature of paying out pension plans’ obligations,” which means additional risk for those depending on those obligations being met.

The Pension Rights Center is proud to be working with the AFL-CIO and its unions to address this problem. We have a list of protections we are asking Congress and the Department of Labor to adopt, among them requiring that insurance companies, when they take over pension benefits, must replicate all ERISA protections.

PRC has many other priorities, as well. We are advocating with the Treasury Department to strengthen spousal protections and we are working to improve the Department of Labor’s disclosure rules to ensure that people receive and are able to retain the important information plans send them, which protect their rights and enable them to prove entitlement to benefits.

Also, just so you know, our legal program provides technical assistance to six pension counseling and information projects across the country that help people with their retirement income problems – they serve 31 states. So, if you or someone you represent need help, please let us know

Before I end, I want to point out that ERISA – the federal private pension law which set critically-important standards to protect workers' and retirees' retirement income – is turning 50 in 2024.

So maybe at the next conference we can focus on what worked about ERISA and what improvements we can all work on!

Thanks for giving me the opportunity to speak today!