

Central States Pension Meetings A Success

The Pension Protection Act of 2006 (PPA) has changed the face of multiemployer funding rules and has added several transparency provisions. As a result of the steep drop in the capital markets in 2008, many multiemployer plans, including the Central States Pension Fund, have lost billions in value. Those contributing to the Central States Pension Fund, including several IWLA member companies, are currently struggling to satisfy higher contribution rates mandated by the PPA. Even if a plan elected to temporarily “freeze” its zone status, the combination of the PPA funding rules and the 2008 investment losses means that troubled plans will face contribution increases, benefit cuts, or a combination of both. A group of concerned IWLA members affected by these increases and cuts visited Washington, D.C. between November 30 and December 1 to make “the voice of IWLA” and our industry heard. Issues that were discussed included possible partitioning of the plan, the large number of small operations that are being directly effected by contribution increases and benefit cuts, and steps moving forward.

The recent meetings focused on members of the U.S. House of Representatives Ways and Means Committee, the committee that has the immediate legislative jurisdiction over the pension issue.

IWLA’s Pat O’Connor, Joel Anderson and representatives from IWLA member companies met with the following offices, all of whom are members of the House Ways and Means Committee:

Rep. Sander Levin (D-MI)	Rep. Peter Roskam (R-IL)
Rep. John Tanner (D-TN)	Rep. Danny Davis (D-IL)
Rep. Sam Johnson (R-TX)	Rep. Ron Kind (D-WI)
Rep. Xavier Becerra (D-CA)	Rep. Kevin Brady (R-TX)
Rep. Jim McDermott (D-WA)	Rep. Arthur Davis (D-AL)

In addition, meetings were held with:

House Ways and Means Committee – Senior Staff Counsel for Pension and Health
Rep. Paul Ryan (R-WI) – Ranking Republican on the House Budget Committee
Rep. Sam Graves (R-MO)
Rep. Steve Kagen (D-WI)
Rep. Joe Donnelly (D-IN)
Rep. Tim Johnson (R-IL)

In almost every case, staffers were both knowledgeable on the precarious financial situation of Central States and sought information from IWLA members.

Several observations were brought forth from the meetings:

- In all likelihood, the partitioning issue will not be addressed by legislation until early 2010.
- Partitioning is one of several single and multiemployer issues being considered in legislation.
- It is critically important that legislators hear from family-owned companies. Legislators have heard from YRC, ABF and others.

- IWLA provided new information to legislators, particularly that 2100 of the 2300+ Central States contributing employers have fewer than 50 employees.
- Legislators understand that Central States could become insolvent, which would trigger a mass withdrawal liability. They were not aware that the contingent liability associated with withdrawal liability would adversely impact each Central States Pension Plan contributor, including the IWLA members present at the meetings.
- In at least two cases, staff asked why a company would have “joined Central States in the first place if withdrawal liability was an issue.” IWLA members did a great job of setting the record straight historically – companies were contributing to Central State pre-1980 when withdrawal liability became an issue as a result of the Mulitemployer Pension Plan Protection Act of 1980.

Moving forward, the Ways and Means Committee has asked IWLA to meet with the U.S. Treasury Department and the Pension Benefit Guaranty Corporation. Those meetings will be scheduled for January 2010. Also in January 2010, scheduled meetings will continue with members of the House Ways and Means Committee to keep IWLA’s “noise level” up. Most importantly, a dialogue has been started, and IWLA is being asked to participate further and provide more information. The House Ways and Means Committee will likely hold a congressional hearing in January or February 2010, and has asked IWLA to participate.

IWLA’s Pat O’Connor is currently conducting regular conference calls with members affected by this issue. Stay tuned for more details and/or contact Mr. O’Connor at (202) 223- 6222 or at poconnor@iwla.com if you want to participate on these calls.