



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

May 23, 2017

The Honorable Debbie Stabenow  
United States Senate  
Washington, DC 20510

Dear Senator Stabenow:

Thank you for your recent letter to Secretary Mnuchin regarding the challenges facing multiemployer pension plans and the Pension Benefit Guaranty Corporation (PBGC). The Treasury Department shares your concerns about workers and retirees in financially troubled multiemployer plans and the long-term financial condition of the PBGC's multiemployer insurance program.

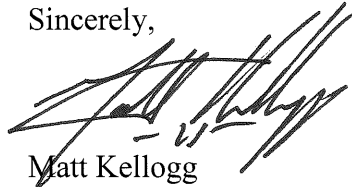
Given Secretary Mnuchin's position on the Board of Directors of the PBGC and the statutory role of the Department in the implementation of the Multiemployer Pension Reform Act of 2014, Treasury is acutely aware of the financial problems facing some multiemployer plans. While many multiemployer plans are adequately funded, over one million individuals are participants in plans that are severely underfunded and at risk of running out of money in the foreseeable future. These multiemployer plans have been hurt by long-term demographic and economic trends and, in some cases, management and other plan-level problems.

The projected insolvency of the PBGC's multiemployer fund further compounds the problem for participants in severely underfunded multiemployer plans. While the PBGC's multiemployer program currently provides basic benefits to retirees of insolvent pension plans, those benefits are almost always lower than the plan's original benefits. If the PBGC's multiemployer program runs out of money, PBGC would be able to use only incoming premiums to provide benefits, which at current levels would result in significant further reductions in these benefits; almost all participants would receive only a small fraction of their original plan benefit.

The problems facing multiemployer plans and the PBGC are complex and varied, and they cannot be solved through administrative action alone under current law. As you know, Congress sets the level of PBGC premiums and guarantees, and Congress establishes the rules governing the funding, maintenance, and management of pension plans, including multiemployer pension plans. Any lasting solution to the problems facing multiemployer plans and the PBGC will require action by Congress.

Treasury agrees that these increasingly pressing problems require attention. We are committed to working with Congress to develop fiscally responsible solutions that protect the retirement security of American workers and retirees.

Sincerely,

A handwritten signature in black ink, appearing to read "Matt Kellogg", written over a horizontal line.

Matt Kellogg  
Deputy Assistant Secretary  
Office of Legislative Affairs

Identical letter sent to:

The Honorable Claire McCaskill  
The Honorable Amy Klobuchar  
The Honorable Sherrod Brown  
The Honorable Tammy Baldwin  
The Honorable Heidi Heitkamp  
The Honorable Joe Donnelly  
The Honorable Robert P. Casey, Jr.  
The Honorable Richard J. Durbin  
The Honorable Gary C. Peters  
The Honorable Ron Wyden  
The Honorable Al Franken  
The Honorable Tammy Duckworth  
The Honorable Patty Murray

cc: The Honorable Alexander Acosta  
The Honorable Wilbur Ross