

Legislate[®]

Key Legislative Developments Affecting Your Human Resources US

Volume 9 | Issue 7 | February 21, 2018

Multiemployer “Composite” Plan Bill Introduced in House

As predicted, a bill to allow multiemployer plans to move to a variable, “composite” plan model has been introduced in the House. With no takers yet in the Senate, the bill faces an uncertain future.

In this issue: [New Option for Multiemployer Plans](#) | [Week Ahead](#)

New Option for Multiemployer Plans

[PBGC’s Fiscal Year 2017 Annual Report](#) indicated that the multiemployer plans insurance program deficit rose to \$65.1 billion, up from \$58.8 billion a year earlier. This increase was primarily driven by the continuing financial decline of several large multiemployer plans that are expected to run dry in the next 10 years — the program is projected to be insolvent by late 2025 or earlier, leaving more than 10 million participants unprotected.

Administration’s budget proposal

PBGC variable rate premiums and an exit premium for multiemployer plans are proposed in the president’s budget in an effort to improve PBGC solvency. As with all of the president’s proposals, Congress will likely start fresh in crafting the final budget. So, it remains to be seen whether this will gain traction.

As reported in our [February 9, 2018 Legislate](#), the new two-year budget deal established the Joint Select Committee on Solvency of Multiemployer Pension Plans to look at possible solutions for stabilizing the ailing plans in the multiemployer market. The committee is expected to consider the loan program in the Senate “Butch Lewis Act of 2017” and House “Rehabilitation for Multiemployer Pensions Act.” You can read more about those proposals in our [November 29, 2017 Legislate](#).

Last week, the Give Retirement Options to Workers (GROW) Act was introduced in the House ([H.R. 4997](#)) by Donald Norcross, D-N.J., and Phil Roe, R-Tenn., and has been referred to both the Education and the Workforce and the Ways and Means Committees. As we reported in our [January 18, 2018 Legislate](#), the proposal seeks to codify the “composite” model developed by the [National Coordinating Committee for Multiemployer Plans](#) aimed at combining key features of defined benefit and defined contribution plans, and avoiding sliding into funding imbalance. Composite plans are not without detractors, however. A [Joint Statement](#) by AARP, along with several unions and pension rights organizations, expressed opposition to the legislation. These groups worry that the move

to composite plans would continue to allow underfunded plans to cut retiree pensions, and that pensions under the new composite arrangements would not be guaranteed.

Week Ahead

With the House and Senate on recess this week, no activity is expected on all things “employee benefits.” When Congress returns next week, budget decisions, immigration, gun control, Russian meddling and North Korea missile concerns will likely dominate their activities on social media and the floor.

Authors

Marjorie Martin, FSPA, EA, MAAA
Julia Zuckerman, JD

Produced by the Knowledge Resource Center of Conduent Human Resource Services

The Knowledge Resource Center is responsible for national multi-practice compliance consulting, analysis and publications, government relations, research, surveys, training, and knowledge management. For more information, please contact your account executive or email fyi@conduent.com.

You are welcome to distribute *Legislate*® publications in their entirety. To manage your subscriptions, or to sign up to receive our mailings, visit our [Subscription Center](#).

This publication is for information only and does not constitute legal advice; consult with legal, tax and other advisors before applying this information to your specific situation.