

November 26, 2018

Tennessee Federal Delegation  
Washington, DC

Dear Tennessee Congressional Delegation Members

On behalf of the Tennessee Chamber of Commerce & Industry, we write to you to express deep concern over a hidden crisis that will soon strike our nation's economy in an area in which you have broad authority to seek a remedy based on consensus and sound principle.

Specifically, today more than a hundred at-risk multi-employer pension plans are making their way to insolvency and, if this is not addressed quickly, we fear a financial and even a humanitarian crisis will follow. Our greatest concern is for the Tennesseans who receive, or expect to receive, retirement benefits from these at-risk multiemployer plans.

The largest of these at-risk plans is the Central States Pension Fund, which has more than 400,000 participants in 24 states. More than 15,000 families depend on Central States pensions in Tennessee. This fund is expected to be insolvent in 7-8 years.

Additionally, according to the Pension Benefit Guaranty Corporation (PBGC), the liability the PBGC shoulders for about 187 at-risk plans is \$67.3 billion, but its reserve contains only \$2.3 billion, which is insufficient to even meet its Central States obligations.

To make matters worse, when an employer in a multi-employer plan goes out of business or bankrupt, the other employers in the plan are required to assume their share of the obligations through an increase in their corporate withdrawal liability. The withdrawal liability associated with many of these plans exceeds the value of most participating employers.

So, once insolvency occurs, employers who cannot pay their withdrawal liability will file for bankruptcy, which will begin a cascading effect that will cause otherwise healthy plans to become insolvent. For example, the Central States plan and the Western States plan share about 30 percent of their contributing employers. Shared employers bankrupted by the Central States insolvency will no longer contribute to the Western States plan, which will either make the Western States plan sick or hasten its insolvency.

What is needed is for those on the Joint Select Committee to sit down and develop a proposal that is fair and reasonable to workers, retiree, and employers, and all American taxpayers. The particulars of this solution will require all involved to be serious and practical. The situation demands for those serving to work together in good faith.

We are asking that you be part of accomplishing that fair and reasonable solution by the November 30 deadline for the Joint Select Committee to issue its report.

Thank you in advance for your time and attention to this critical matter.

Yours very truly,

A handwritten signature in cursive script, appearing to read "Billy Jordan".

President & CEO  
Tennessee Chamber of Commerce