



CENTRAL STATES PENSION FUND AND THE JOINT SELECT COMMITTEE OVERVIEW TALKING POINTS

MULTIEMPLOYER PENSION FUNDS CRISIS

Action needs to be taken now to preserve multiemployer pension plans. We must energize the voices of all of our retirees, actives, local unions, and employers to be certain that Congress does not delay in finding a solution to this crisis.

- ❑ Over one hundred multiemployer pension funds across the U.S., including the Central States Pension Fund, have become severely underfunded and are in critical and declining status. Without Congressional action, Central States will run out of money by 2025 or sooner. The other funds in crisis face a similar fate.
- ❑ A steep or total loss of promised pension benefits would clearly be devastating to current and future beneficiaries. Participants accepted lower wages in return for promised pensions.
- ❑ These severely underfunded plans have total assets of \$43.5 billion and liabilities of \$79.9 billion, and represent 1.3 million participants¹ throughout the U.S.
 - 63% of the Participants come from three plans: Teamsters' Central States Pension Fund, the Bakery & Confectionery Union and Industry International Pension Fund, and the United Mine Workers 1974 Pension Plan.
- ❑ Due to the projected insolvency of the Pension Benefit Guarantee Corporation (PBGC), an insolvency of Central States will cause pension benefits to be cut to nearly nothing. And even if the PBGC was sufficiently funded, the benefit guarantee with 30 years of service will be less than \$1,100 per month.
- ❑ Pension benefits paid by Central States are not a windfall to union members. Through economic negotiations in each contract, wage increases were diverted by members into pension contributions to Central States to provide a secure pension.
- ❑ To address this looming crisis, Congress recently established the **Joint Select Committee on Solvency of Multiemployer Pension Plans**. The Committee has been charged with producing bipartisan legislation to solve these issues by November 30, 2018.
- ❑ This may be the last and best chance to find a legislative solution to the multiemployer pension crisis. As assets rapidly continue to decline, it makes finding any solution in the future much more costly.
- ❑ Previous attempts at legislation, such as the **Pomeroy/Casey Bill**, the **Keep Our Pension Promises Act**, and the **Butch Lewis Act**, have not persuaded Congress to take action – or frankly even vote on a bill.

CONGRESS MUST TAKE ACTION NOW

- ❑ With each passing year, the Fund's asset reserves will continue to decline making any solution more costly and increasingly impossible to find.
- ❑ Without a solution, retirees will lose their hard-earned pension security, and the loss of hundreds of businesses and thousands of jobs becomes a reality.

MULTIEMPLOYER PENSION PLANS ECONOMIC IMPACT ON THE COUNTRY

- ❑ In nearly every community across the country, multiemployer pensions provide real retirement security to more than 4 million retired Americans who make significant contributions to the local economy. With a national economic impact of over \$38 billion, multiemployer plans affect the lives and livelihoods of workers, retirees, families, businesses and states.²
- ❑ Multiemployer plans have an economic impact and benefit the U.S. economy in the following ways:³
 - Percent of the U.S. Gross Domestic Product: **5.7%**
 - Jobs Related to the Multiemployer System: **13,618,041**
 - Total Federal Taxes Paid through the Multiemployer System: **\$158.5 BILLION**
 - Total Local & State Taxes Paid through the Multiemployer System: **\$82.5 BILLION**

CENTRAL STATES PENSION FUND FACTS AND FIGURES

ACTIVES TO RETIREES

- CSPF has: **60,000 ACTIVES**
- CSPF has: **164,000 RETIREES**
- CSPF has: **34,000 SURVIVING SPOUSES**
- CSPF has: **120,000 INACTIVE VESTED**
- CSPF has: **200,000 "ORPHAN" members** whose employer no longer contributes to CSPF.

ASSETS TO LIABILITIES AS OF 2017

- Central States Pension Fund Assets: **\$15.0 BILLION**
- Central States Pension Fund Liabilities: **\$40.9 BILLION**
- Central States Pension Fund pays out **\$2.8 BILLION ANNUALLY**

INVESTMENTS

- Central States Investment Average Annual Return Last 5 years: **9.3%**
- Central States Investment Average Annual Return Last 15 years: **9.5%**
- Central States Investment Average Annual Return Last 25 years: **8.9%**

CENTRAL STATES RETIREE FACTS AND FIGURES

- The average Central States Pension is: **\$1,200 PER MONTH**
- The average Central States Retiree receives: **255 PENSION CHECKS (21 YEARS AND 3 MO)**
- The average Central States Retiree lives to age: **81 YEARS OLD**
- Impact Central States has on the US economy: **\$5.9 BILLION ANNUALLY**

¹ Cheiron Report, August 2017

² The Partnership for Multiemployer Retirement Security

³ NCCMP Report, January 2018