



# LIUNA!

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December 5, 2014

The Honorable John Boehner  
Speaker  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Harry Reid  
Majority Leader  
U.S. Senate  
Washington, DC 20510

The Honorable Nancy Pelosi  
Minority Leader  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Mitch McConnell  
Minority Leader  
U.S. Senate  
Washington, DC 20510

Re: Multiemployer Pension Plan Legislation

On behalf of the 500,000 members of the Laborers' International Union of North America (LIUNA), I write to object in the strongest terms that the *Solutions Not Bailouts* proposal for multiemployer pension plan security is being hijacked to impose a pension tax on workers and retirees covered by multiemployer pension plans. This tax will make healthy pension plans sick, undercutting pension security, and reduce wages for workers who are still hurting from the Great Recession.

The *Solutions Not Bailouts* proposal was crafted by a labor-management Retirement Security Review Commission through an 18-month period of study, discussion, hard choices, and compromise. LIUNA actively and proudly participated in the Commission's work, and has supported the proposal produced by the Commission. We believe that this proposal would provide important new self-help tools and time for multiemployer pension plans, and the bargaining parties who sponsor them, to secure the plans for the long-term.

LIUNA has also been supportive of the commendable work of Education and the Workforce Committee Chairman John Kline and Ranking Member George Miller in converting the Commission's proposal into legislation under challenging circumstances.

However, within the past week, I became aware that an excessive pension tax will be added to the *Solutions Not Bailouts* legislation. This tax is a poison pill for LIUNA and its members, and we are not going to swallow it.

*Feel the Power*

The pension tax is a huge increase in the multiemployer plan premium to the Pension Benefit Guaranty Corporation (PBGC), from \$13 per participant per year for 2015 to \$40 per participant plus 1.25% of the collectively bargained contributions received by the pension plan during the year, up to a cap of 5% of the Plan's contribution income. This tax will cost multiemployer pension plans sponsored by LIUNA and its affiliated Local Unions many millions of dollars per year, year after year. It inflates the current premium rate by more than 400%. As recently as 2012, the rate was only \$9 per participant.

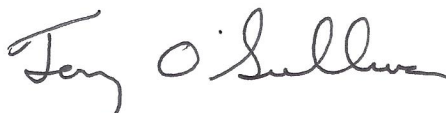
That is money taken from Laborers' wages and money that should be used to shore up the funding of their own pension plans, not diverted to the PBGC, an agency that appears to be doomed in any event.

Moreover, I am concerned that the multiemployer plan legislation, when it eventually sees the light of day, will be festooned with all manner of special interest fixes that are counterproductive for the cause of retirement security and will cost LIUNA members even more money.

Pension security is a very serious matter for LIUNA and its members, and it should be for Congress as well. The sudden addition of a huge pension tax and other measures in a rushed "lame duck" session, without public vetting and debate, is offensive and contrasts unfavorably to the deliberative manner in which the Commission developed its proposal.

I urge you to oppose the addition of the pension tax to the multiemployer plan legislation and to support passage only of the original *Solutions Not Bailouts* proposal. The future of the PBGC deserves a lot more public discussion and consideration than is possible before this Congress adjourns.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Terry O'Sullivan", with a stylized, flowing script.

TERRY O'SULLIVAN  
General President

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cc: Members of the U.S. House of Representatives  
Members of the U.S. Senate