



July 8, 2019

Honorable Richard E. Neal
Chairman
House Ways and Means Committee
2309 Rayburn House Office Building
Washington, DC 20515

Honorable Kevin Brady
Ranking Member
House Ways and Means Committee
1011 Longworth House Office Building
Washington, DC 20515

Dear Chairman Neal and Ranking Member Brady,

The Writers Guild of America West (WGAW) supports this committee's efforts to address the impending multiemployer pension crisis by reporting H.R. 397, the "Rehabilitation for Multiemployer Pensions Act."

We are a labor organization representing more than 10,000 professional writers of motion pictures, television, radio, and Internet programming, including news and documentaries. Representatives of WGAW, along with its sister guild, the Writers Guild of America East, and representatives from the Association of Motion Picture and Television Producers and its member companies, jointly administer a sound multiemployer pension plan with more than 17,000 participants. Founded in 1960, the Producer-Writers Guild of America Pension Plan is a healthy plan that currently has over \$3 billion in assets under management and distributes more than \$150 million in benefits annually.

WGAW supports advancing legislation that provides a federally-subsidized liability removal program to rescue critical and declining multiemployer pension plans. In contrast to last year's proposal by the Joint Select Committee on Solvency of Multiemployer Pension Plans, H.R. 397 appropriately addresses the crisis while protecting healthy pension plans.

The entire multiemployer pension system is now at risk because a few large plans are failing, having been disproportionately impacted by the Great Recession, demographics, and industry trends. At the same time, the Pension Benefit Guaranty Corporation (PBGC), the insurance mechanism put in place to guarantee retiree benefits in the event of plan failure, is itself on the brink of insolvency and unable to meet its expected \$65 billion in obligations. If the most endangered plans are allowed to fail, the PBGC itself will fail, and plan participants will receive as little as two to six cents on the dollar of earned retirement benefits.

We firmly believe that the only way to address the needs of plans in critical status is through a federally-subsidized liability removal program. This is the only solution to this mounting crisis that would not bankrupt the PBGC or permanently weaken otherwise healthy plans. Struggling plans need time and resources to restore actuarial soundness and keep themselves off of the

PBGC's balance sheet. Removing these plans from the PBGC balance sheet would revitalize the multiemployer insurance program without the need to impose additional excessive surcharges or fees on healthy plans, the principal effect of which would be to increase the risk of future insolvencies.

The PBGC cannot be saved through premium increases. Multiemployer premiums have already risen 350% over the last ten years while the maximum guaranteed benefit provided by the PBGC is only \$12,870.¹ Yet premiums would have to increase at least another 600%, from an annual average of \$35 per participant to at least \$243 per participant, in order to meet the PBGC's obligations over the next 20 years.² This would place a significant financial burden on healthy plans and deter new plan formation, triggering both greater PBGC liabilities and a need for ever higher premiums.

H.R. 397 provides a necessary path to restore the solvency of critical and declining pension plans without destabilizing the entire multiemployer pension system.

Sincerely,

Corrina Freedman
Political and Legislative Director

¹ Pension Benefit Guarantee Corporation, *Multiemployer Insurance Program Facts*. Accessed August 30, 2018. Available at: <https://www.pbgc.gov/about/factsheets/page/multi-facts>.

² National Coordinating Committee on Multiemployer Plans calculation based on PBGC estimates of premiums needed to meet average expected 20-year obligations.