Western Conference of Teamsters Pension Plan
An Employer-Employee Jointly Administered Pension Plan – Founded 1955

New Study Exposes Glaring Weaknesses of the GROW Act

FOR IMMEDIATE RELEASE

SEATTLE, Wash. – July 21, 2020 – A new actuarial study commissioned by the largest multiemployer plan in the country, the Western Conference of Teamsters Pension Plan, found that the GROW Act would harm workers, retirees, and the Pension Benefit Guaranty Corporation (PBGC).

The GROW Act allows multiemployer plan trustees to "refinance" their obligations to workers and retirees in an existing plan over 25 years instead of 15 years, so they can divert money to start a new composite plan. This weakens the existing plan and leaves neither plan—the existing plan, nor the composite plan—with enough money to pay promised benefits.

The Western Conference's actuaries found that workers in a previously healthy plan that converted to a composite plan would face massive benefit cuts under historical market conditions. For example, if Congress had already passed composite legislation and it was law now with investment returns similar to those in early 2020, the future composite plan benefits that workers expected they would earn would be cut 70%, and the composite plan benefits they already earned would be cut 25%. At the same time, workers' benefits in the existing plan would be cut 21%. To avoid benefit cuts, employers would be required to increase contributions by approximately 82%—above and beyond what they already committed. Under the same scenario, a plan that didn't transition to the composite structure would weather the market downturn without cutting benefits or increasing contributions.

In addition, composite legislation risks deepening the current PBGC solvency crisis or creating a new one by artificially reducing the cost of withdrawing from existing plans over time, placing existing plan funding in jeopardy, and exempting composite plans from paying PBGC premiums.

"Composite legislation and its resulting benefit cuts would violate a fundamental promise between workers and employers by denying workers and retirees the benefits they bargained for and earned," according to Chuck Mack, the union co-chair of the Plan. "Composite legislation not only undermines healthy plans' success but destabilizes the entire multiemployer system," said Ed Lenhart, the employer co-chair.

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The Western Conference of Teamsters Pension Plan is the country's largest and most successful multiemployer pension plan. For over 60 years, the Plan has provided substantial, secure retirement benefits to over half a million retirees. The Plan has over 600,000 participants and retirees, with participants or retirees in all 50 states and every congressional district. Currently, over 1,400 employers contribute to the Plan. These employers represent more than 50 diverse industries—including grocery and food distribution, package delivery, manufacturing, clerical, beverage bottling, law enforcement, entertainment, waste disposal, and health care. The Plan has $45 billion in assets and has always been well funded.

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