

American Rescue Plan Act of 2021 (H.R. 1319)

Addressing the Multiemployer Pension Crisis & Fully Protecting Retirees' Hard-Earned Pensions

Problem: Many multiemployer pension plans are in financial crisis. Soon, these failing plans will be unable to pay out the benefits owed to retirees. Making matters worse, the Pension Benefit Guaranty Corporation (PBGC), which insures private sector pension plans, is rapidly running out of money to backstop failed multiemployer pension plans. If plans fail, and if the PBGC's multiemployer program becomes insolvent, retirees will see their pensions reduced to nearly zero. On top of this, there also will be catastrophic consequences for active workers and employers as well as hundreds of billions of estimated costs to the federal government.

The COVID-19 pandemic has further elevated the need for Congress to address the multiemployer pension crisis as many of the failing plans cover delivery workers, food and grocery store workers, and others on the front lines of the public health crisis. According to one nonpartisan actuarial estimate, the COVID-19 crisis could [cause an additional 180 plans to become insolvent](#). This means that over 300 plans—covering 2.5 million Americans—could be at risk of failure. The COVID-19 public health crisis is even threatening healthy multiemployer and single employer pension plans.

Solution: The American Rescue Plan Act of 2021 includes a historic solution to the multiemployer pension crisis. It provides much-needed relief to failing multiemployer plans and fully protects participants' hard-earned benefits without cuts. The American Rescue Plan Act of 2021 also includes necessary stabilizing provisions for other multiemployer and single employer plans to help them endure the COVID-19 public health crisis.

Costs: The pension provisions (Title IX, Subtitle H) in the American Rescue Plan Act of 2021 have budgetary costs and raise revenue. Taken together, the overall cost is within the \$65 billion in reconciliation instructions. However, CBO's estimated cost of the special financial assistance program for financially troubled multiemployer plans on its own is \$86 billion. This is still far less than the estimated cost of doing nothing, which experts have indicated is the most expensive option of all. If Congress fails to act and pensions are reduced to nearly zero, retirees could be forced to turn to government assistance to make ends meet while tax revenue declines. As the United States Chamber of Commerce [has put it](#), many will "become reliant on social programs that have to be funded by taxpayers at a time when tax revenue will be declining." During an Education and Labor Committee hearing on the multiemployer pension crisis last Congress, an actuary estimated that if Congress does nothing to address the multiemployer pension crisis, the total costs to the taxpayers (in terms of lost tax revenue and increased social safety net spending) [would be \\$170 billion and \\$240 billion](#) over the 10-year budget window.

Supporters: AFL-CIO, AARP, U.S. Chamber of Commerce, UPS, and [scores](#) of other employers who participate in multiemployer plans.