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Congress of the United States House of Representatives

December 7, 2015

Mr. Kenneth Feinberg
Special Master for Implementation
Attention: Dev Kyle
Department of the Treasury
Multiemployer Pension Reform Act Office
1500 Pennsylvania Avenue, NW, Room 1224
Washington, DC 20220

Submitted via: <http://www.regulations.gov>

Re: Treasury Notice Multiemployer Pension Plan Application, Document #2015-27037

Dear Special Master for Implementation Feinberg:

I write in strong opposition to the reduction in benefits proposed by the Board of Trustees of the Central States, Southeast and Southwest Areas Pension Plan (Central States Pension Plan), which has submitted an application to the Treasury Department to reduce benefits under the Central States Pension Fund in accordance with *the Multiemployer Pension Reform Act of 2014*. The proposal relies on problematic assumptions that mask the structural problems with the plan that, in addition to imposing severe benefit cuts to current retirees, would cause younger workers and employers who continue to participate in Central States Fund to suffer greatly. Due to the structural problems in the rescue plan that present an erroneous picture of the health and expected benefits and due to the inordinate burden on middle-class workers and retirees, I urge the Treasury Department to deny this application and ask Central States to move forward with a more equitable solution.

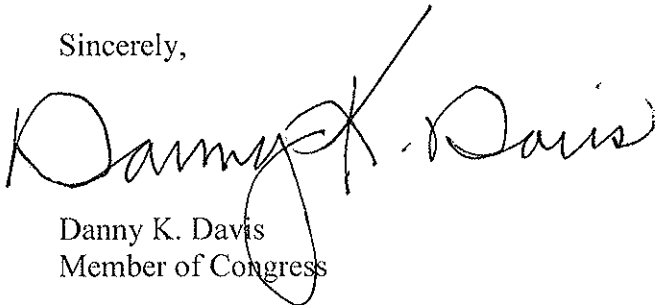
I am deeply concerned that the Central States application appears to use questionable assumptions about future contributions to justify the pension cuts and predict the long-term health of the plan. Given that industry-level contributions to such plans decreased during the period from 2005 to 2014, it is troubling that the application predicts contribution rate increases rather than decreases. This theoretical contribution rate increase is especially doubtful when coupled with the revelation that upwards of 50 percent of every contribution dollar would not benefit the participant. Although the application states on page 8.2.4 that the actuary "...has advised that \$0.50 of every contribution dollar must be allocated towards the Fund's legacy costs....," Appendix III suggests that the legacy cost could be higher. Thus, if legacy costs are higher than expected, active workers could risk further cuts in the future. This likelihood is not

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made clear in the plan materials. In addition, it is not reasonable to assume that participants and employers will maintain contribution rates when their contributions exceed the value of the benefits received. Nevertheless, the materials sent to participants on which to base their vote reflect these implausible assumptions that provide an erroneous picture of implications of the proposal, suggesting improving long-term health of the fund rather than earlier plan insolvency than predicted and potential future benefit cuts.

The structural problems inherent in the plan result in implausible estimates of the long-term health of the Central States Fund and an erroneous understanding of the expected future benefits and cuts to workers and retirees. Participants should not be asked to vote on a plan without receiving reasonable future contribution and benefit assumptions. As a result, I urge Treasury to reject the current proposal and require Central States to submit a plan that reflects reasonable assumptions. If Treasury determines it cannot meet the threshold of "clearly erroneous" set by the law, I urge Treasury to make explicit to participants the difficulties with the proposal's assumptions described in this and other comment letters and the likely impact on accrued benefits. Thank you for your consideration of my views on this important matter. Please do not hesitate to contact me if we may be of assistance.

Sincerely,

A handwritten signature in black ink that reads "Danny K. Davis". The signature is written in a cursive style with a large, sweeping initial "D" and a long, thin vertical stroke extending upwards from the top of the "D".

Danny K. Davis
Member of Congress