



## 2017 USW Constitutional Convention RESOLUTION

### Resolution No. 22

## Retirement Security

**WHEREAS**, it is a guiding principle of the United Steelworkers and advanced societies that a lifetime of work earns a worker the right to a secure retirement; and

**WHEREAS**, the United Steelworkers has for its entire history been engaged in the effort to provide our members with dignity and security in retirement; and

**WHEREAS**, defined benefit pension plans offer the greatest income security by providing early retirement benefits, disability protection, surviving spouse protection, service during periods of layoff and illness, and a benefit in the form of an annuity, which ensures that the retiree will not outlive their savings; and

**WHEREAS**, the 2008 economic collapse and the resulting recession placed additional stress on all pension plans, causing many plans' asset values to drop and liabilities to rise as a result of investment losses and declining interest rates; and

**WHEREAS**, retirement security in the United States and Canada has traditionally been secured through a three-pronged approach of Social Security in the United States and the Canada Pension Plan in Canada, personal savings and defined benefit pension plans; and

**WHEREAS**, both single employer and multiemployer defined benefit pension plans offer the security of insurance in the United States by the Pension Benefit Guaranty Corporation (PBGC) and supported by the assets of the sponsoring or participating employers, and provide retirement benefits more efficiently than any other plans available; and

**WHEREAS**, the Pension Protection Act of 2006 made the minimum funding requirements for defined benefit pension plans more volatile and burdensome, often when plan sponsors could least afford it, undermined benefit protections for workers, and put the whole system of defined benefit pension plans in the United States under additional stress; and

**WHEREAS**, the legislative relief that has been offered so far has been a cover-up to the structural problems of the law rather than a real solution and has only served to push the problem down the road; and

**WHEREAS**, the guarantees provided by the PBGC for multiemployer participants are woefully inadequate, leading to potential extreme reductions in retirement income in the event of insolvency of the plan; and

**WHEREAS**, the multiemployer defined benefit pension system in the United States is under additional strain and the PBGC multiemployer insurance program has inadequate resources and authority to assist deeply troubled plans due to the unfunded liabilities of pensioners whose employers are no longer contributing to the plans, the shift of unfunded liabilities for “orphaned” participants to remaining employers, inadequate PBGC benefit guarantees, inadequate PBGC premiums, limits on the ability of plans to recover withdrawal liability from employers exiting the system or in bankruptcy; and

**WHEREAS**, while the Multiemployer Pension Reform Act of 2014 was described by its supporters as a comprehensive solution to the multiemployer pension funding problems, it focused almost exclusively on mechanisms to reduce accrued benefits. Thus far, it has failed to stabilize the system or achieve any real reform. A coalition of employers and some unions are currently lobbying the passage of another misguided reform which would weaken multiemployer funding rules further and allow employers to convert to “composite” or hybrid defined contribution pension plans and reduce funding to the underfunded multiemployer pension plans; and

**WHEREAS**, in Canada, pensions are not adequately protected by government funding, with most jurisdictions having no pension guarantee fund at all. Those funds that do exist are not sufficient; and

**WHEREAS**, Canadian workers and retirees whose employers went bankrupt with underfunded pension plans have suffered drastic benefit cuts, while banks and other creditors enjoyed priority claims on the companies’ assets; and

**WHEREAS**, the market, regulatory and accounting environment combined with pressure from short-term Bay Street and Wall Street investors has driven many of our employers to try to eliminate their existing defined benefit plans and to vehemently oppose adopting new defined benefit plans in an effort to avoid the liabilities associated with such plans and to propose inadequate defined contribution plans in place of a defined benefit.

**THEREFORE, BE IT RESOLVED that:**

- (1) We commend our local unions and staff who take a stand to defend and improve the defined benefit pension plans that we have in place.

- (2)** Where a defined benefit pension plan does not exist, each USW bargaining unit in Canada and the United States should press its employer to adopt a defined benefit pension plan.
- (3)** We support reform of Canadian and United States pension laws to strengthen retirement security and encourage employers to retain and fund defined benefit plans in a sustainable and responsible manner.
- (4)** We support the reform of U.S. multiemployer defined benefit pension laws to increase the PBGC multiemployer guarantee to the same level as participants in single-employer plans, eliminate the 20-year cap on withdrawal liability, provide greater authority for the PBGC to recover withdrawal liability during bankruptcy, provide authority for plans and the PBGC to pursue withdrawal liability from employers which withdrew from plans in the past, provide greater authority and revenue to the PBGC to partition deeply troubled plans subject to agreement between the applicable Union and Plan Trustees, and cut back accrued benefits only as a last resort and using similar criteria as under the single-employer system.
- (5)** We do not oppose efforts to explore or adopt new “composite” or hybrid defined contribution pension plans, where the bargaining parties agree to such plans. But we oppose efforts to reduce annual cash contribution to the existing underfunded legacy multiemployer defined benefit plans to pay for the replacement plans and generate additional savings for the employers. Such efforts increase the risk that contributing employers may go out of business, makes the fund more vulnerable to market volatility and reduce withdrawal liability.
- (6)** In Canada, we advocate for the creation of a national Pension Guarantee system, for an increase in the Ontario PBGF maximum benefit and for elimination of the Ontario government’s requirements for employee concessions in university pension plans.
- (7)** In Canada, we oppose the creation and implementation of new pension laws that allow employers to unilaterally amend the defined benefit pension plans into new target or shared risk pension benefit plans that give employers the unilateral right to reduce accrued pension benefits, including to current pensioners.
- (8)** In Canada, we advocate for better protection for pensions, benefits and other entitlements for workers whose companies go bankrupt so that workers’ entitlements are secured and paid before other creditors.
- (9)** In Canada, where members are not covered by any pension benefits, or where a local union is forced out of a defined pension benefit, the Union should make every effort to participate in one of the Union’s many Canadian multiemployer

pension plans or savings plans. We also encourage our locals to negotiate innovative new pension plans.

- (10)** In situations where all efforts have been exhausted to protect or put into place a defined benefit plan, and the conditions are such that we are forced to consider a defined contribution plan, we must negotiate provisions that require the company to make contributions which provide adequate savings and real financial security for our members throughout their retirement and include elements which minimize the major risks associated with these plans, including higher contribution rates for older workers, disability insurance, and company contributions while on layoff, sickness and accident leave and other absences.