

United States Senate

WASHINGTON, DC 20510-2309

December 2, 2016

The Honorable Mitch McConnell
U.S. Senate
Washington, DC 20510

The Honorable Harry Reid
U.S. Senate
Washington, DC 20510

The Honorable Paul Ryan
U.S. House of Representatives
Washington, DC 20510

The Honorable Nancy Pelosi
U.S. House of Representatives
Washington, DC 20515

Dear Majority Leader McConnell, Democratic Leader Reid, Speaker Ryan, and Leader Pelosi:

As you continue to develop year-end legislative packages in the lame duck session of Congress, I respectfully ask that you avoid including measures relating to composite pension plans. Across the country, more than ten million workers and retirees have earned pensions through the multiemployer pension system, and they deserve to know that the benefits they have earned, and the benefits they will earn in the future, will be secure. Changes to our pension system shouldn't be made without hearings, significant public debate, and the opportunity for amendments. In the short time remaining in the current Congress, it would be impossible to properly consider such a significant and wide-reaching change such as the creation of composite pension plans.

To date, legislation on composite plans has been largely crafted behind closed doors. During the current session of Congress, the Senate Committee on Health, Education, Labor, and Pensions has not held a single full committee hearing on pension issues, and the Senate Committee on Finance has held just two, with only one that included substantive discussion of composite plans. There simply hasn't been enough open debate on composite plans to justify including language on the issue in a year-end package.

Further, based on a draft proposal of composite plan legislation released by members of the House of Representatives, I believe that if enacted as drafted, the proposal could expose both retirees and current workers to significant risks. The proposal is complex and wide-reaching, and experts have significant disagreements about many key aspects. According to the Obama Administration, the draft bill "puts participants' existing pension benefits at greater risk" and "deepens the insolvency risk of the PBGC," or Pension Benefit Guarantee Corporation. For these reasons alone, it is clear that this measure shouldn't be considered in a lame duck session.

Further, I believe all members should be allowed to have their voice heard in an open debate, and we should be allowed to offer improvements to the bill before any bill is voted on. Additionally, we should consider measures to support the insolvent Central States Pension Fund and other funds like it. For example, I have proposed closing the tax loophole on carried interest and using the funds raised to bring the Central States Pension Fund into solvency. This loophole

allows private equity fund managers and other Wall Street bankers to pay lower tax rates than their secretaries, and it costs taxpayers billions of dollars a year.

I believe retirees in pension plans like the Central States Fund should be able to count on the promises that have been made to them. As we learned from the fiasco around the Multiemployer Pension Reform Act in 2014, which was written in secret and attached to a must-pass bill, pension changes should be carefully considered and debated openly and honestly, not enacted at the last minute with little debate, few hearings, and no opportunity to offer amendments.

Sincerely,

A handwritten signature in blue ink, appearing to read "Al Franken", with a long horizontal flourish extending to the right.

Al Franken
U.S. Senator