



**G A O**

Accountability \* Integrity \* Reliability

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# **GAO Study of Multiemployer Plans**

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# About GAO

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- We're Independent
  - The U.S. Government Accountability Office (GAO) is an independent, non-partisan agency that conducts public policy research and investigations for the Congress.
- We're the Watch Dog
  - GAO investigates how the federal government spends taxpayers' dollars.
- Three Values Guide Our Work
  - Accountability, Integrity, Reliability

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# About GAO

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- We have about 3,000 staff located in Washington, DC and 11 offices located throughout the country.
- We testify over 200 times a year before Congress.
- We make hundreds of recommendations that improve government operations, programs and services.
- Our work results in billions in financial savings each year.
- Our work is divided into 13 core strategic areas.



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# GAO's Retirement Work

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- Federal Agencies – Department of Labor (EBSA), PBGC, Treasury (IRS), Social Security Administration, Federal Retirement Thrift Investment Board (FRTIB), Railroad Retirement Board (RRB)
- Subject Areas –
  - Employer-provided resources
  - Government-provided resources
  - Employee resources
  - Enforcement
  - Management and administration
- Major Congressional Committees
- GAO's High Risk List
  - PBGC single- and multi-employer insurance programs



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# Ongoing Issues Affecting Multiemployer Plans

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- Funding
  - Aggregate funded status below 100% since 2000.
- Demographics
  - Decrease in the number of plans.
  - Aging workforce and maturing of plans.
  - Few opportunities to attract new employers and workers into plans.
  - Decline in collective bargaining.
- Continuing PBGC insurance program deficit.

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# Ongoing GAO Work on Multiemployer Pension Plans

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- Begun in September 2009.
- Requester: Chairman Miller, House Education and Labor.
- Report to be publicly released in November 2010 (anticipated).

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# Objectives

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- 1) Describe the current status of the nation's multiemployer pension plans.
- 2) Outline the steps that PBGC takes to monitor the health of multiemployer plans.
- 3) Describe the structure of multiemployer plans in other countries.
- 4) Identify what statutory and regulatory changes, if any, could help plans continue to provide participants with the benefits due them.



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## Objective 1: Describe the Current Status of the Nation's Multiemployer Pension Plans

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- Reviewed data from PBGC annual reports and data books.
- Reviewed IRS summary data on annual notices of funding status certifications for 2008 and 2009.
- Reviewed PBGC and EBSA notices of critical and endangered status and WRERA status freeze election notices.
- Reviewed workforce affiliation data and trends.
- Interviewed EBSA, IRS, and PBGC officials; pension experts; and multiemployer plan practitioners.



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## Objective 2: Outline the Steps that PBGC Takes to Monitor the Health of Multiemployer Plans

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- Reviewed statutory and PGGC regulatory requirements.
- Reviewed PBGC monitoring, modeling, and assistance policies and procedures.
- Interviewed PBGC officials.



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## Objective 3: Describe the Structure of Multiemployer Plans in other Countries

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- Focused on OECD countries.
- Reviewed multiemployer plan framework in Canada, Denmark, the Netherlands, and the United Kingdom.
- Interviewed government officials, plan administrators and trustees, employer and union representatives, and other pension experts.

## **Objective 4: Identify What Statutory and Regulatory Changes, if any, Could Help Plans Continue to Provide Participants with the Benefits Due Them**

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- Reviewed pension literature.
- Interviewed a variety of experts:
  - government officials,
  - pension experts, and
  - practitioners representing a range of industries and plan sizes.



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# Prior GAO Work on Multiemployer Pension Plans

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- *Private Pensions: Multiemployer Pensions Face Key Challenges to Their Long-Term Prospects* (GAO-04-542T), March 2004
  - Requester: Subcommittee on Employer-Employee Relations, House Education and the Workforce
- *Private Pensions: Multiemployer Plans Face Short- and Long-Term Challenges* (GAO-04-423), March 2004
  - Requester: House Education and the Workforce
- *Private Pensions: Longstanding Challenges Remain for Multiemployer Pension Plans* (GAO-10-708T), May 2010
  - Requester: Senate HELP



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## GAO on the Web

Web site: <http://www.gao.gov/>

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