

Secretary of Labor Nominee to Bring Expertise to Address Multiemployer Pension Plan Crisis

By Stephanie Olivera Mittica

Albeit typically a matter for Congress, tapped Secretary of Labor Marty Walsh is prepared to utilize his labor experience to address the growing concern regarding the uptick in underfunded multiemployer pension plans that are on the verge of collapse.

As of late, multiemployer pension plans – plans between groups of like businesses and their unions – have been negatively impacted by the decrease in eligible workers and consequently financial losses resulting from the economic downturn. Indeed, according to Department of Labor data, of the 1,400 multiemployer pension plans in the U.S., 120 of those plans are in critical or declining status and could face a collapse over the next two decades. In even grimmer news, the Pension Benefit Guaranty Corporation (PBGC), which is intended to insure such plans, is on pace to exhaust its resources by 2026.

The Biden Administration's most recent COVID-19 relief package attempts to address this situation by including what is coined the Emergency Pension Plan Relief Act, which would help the PBGC make payments for failed plans and increase the premiums it is owed. Yet, even if such relief efforts were passed, the DOL would have minimal involvement with these rules. Secretary Walsh, however, could offer his expertise and influence as chair of the board of directors for PBGC down the road.

With major reform necessary in the arena of multiemployer pension plans, only time will tell what creative role Labor Secretary nominee Walsh will take should he be confirmed by the Senate.

Roetzel will continue to monitor developments in this area. For more information and insight on this matter, please contact one of the listed Roetzel attorneys.

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