

H.R. 7140

Extension of Discretionary PBGC Guarantees

Summary

H.R. 7140 would defer the time for mandatory guarantee of benefits under multiemployer pension plans by the Pension Benefit Guarantee Corporation for 31 days--from May 1, 1980, until June 1, 1980. The bill was approved by the House of Representatives on April 28, 1980, and is being held at the desk in the Senate. An extension of time for the coverage of multiemployer plans by the PBGC is intended to give Congress time to complete action on legislation relating to these plans.

Background

In 1974, ERISA created a system of pension plan termination insurance. Under the system, the Pension Benefit Guarantee Corporation (PBGC) guarantees benefits under terminated pension plans (within limits).

In the case of single-employer plans which terminate, the PBGC is required to guarantee benefits. In the case of multiemployer plans (that is, a plan to which several employers contribute pursuant to collective bargaining agreements), the PBGC has the discretionary authority to guarantee benefits but presently is not required to do so. On May 1, 1980, the guarantee of benefits under multiemployer plans would become mandatory for the PBGC.

Pending bills

There is presently a concern that the rules of present law providing for guarantees will tend to encourage the termination of multiemployer plans and will result in liabilities which cannot be satisfied by the PBGC. S. 1076 (jointly referred to the Finance Committee and the Labor and Human Resources Committee) and H.R. 3904 (jointly referred to the House Committee on Ways and Means and the House Committee on Education and Labor) are intended to revise the guarantee program.

S. 1076 was approved by the Labor and Human Resources Committee on March 24, 1980, with amendments. Hearings on the bill were held by the Subcommittee on Private Pension Plans and Employee Fringe Benefits of the Finance Committee on March 18, 1980.

H.R. 3904 was approved by the Education and Labor Committee of the House on January 30, 1980, with amendments and filed on April 2, 1980. The bill was approved by the Ways and Means Committee of the House on March 27, 1980, with amendments and filed on April 23, 1980. H.R. 3904 is presently awaiting action on the House floor.

H.R. 7140 was passed by the House in order to give Congress more time to complete action on this legislation revising the rules for mandatory coverage of multiemployer plans by the PBGC.

Issue

The issue is whether a 31-day extension of discretionary guarantees by the PBGC provides the Congress sufficient time to resolve the issues presented by S. 1076 and H.R. 3904.