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Subject: PENSION BENEFIT GUARANTY CORPORATION 29 CFR Parts 4000 and 4262 RIN 1212-AB53 Special Financial Assistance by PBGC AGENCY: Pension Benefit Guaranty Corporation. ACTION: Interim final rule; request for comments
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PENSION BENEFIT GUARANTY CORPORATION 29 CFR Parts 4000 and 4262 RIN 1212-AB53 Special Financial Assistance by PBGC AGENCY: Pension Benefit Guaranty Corporation. ACTION: Interim final rule; request for comments.

Over the last twenty five years the Federal Reserve has been engaged in Monetary Policy of keeping interest rates low. Pensions started prior to this era had largely been set up to pay out guaranteed interests of 7 or 8%. The Monetary Policy left it largely impossible for plans to achieve the returns required with conservative investment instruments. The death knell to these plans was the financial crisis of 2008. Also, over time as companies went out of business, the remaining employers were left with the huge liabilities as the plan administrators were unable to receive proper funding from bankrupt companies to make the plans whole. The resultant withdrawal liabilities escalated astronomically. Remaining companies withdrawal liability exceeds the value of all of their assets by many multiples. It also overshoots liabilities relative to the firms employees by many multiples.

The Special Financial assistance, interim final rule provides a full remedy to employees and ensures the plan managers will continue to collect fees and prosper, "Congress specified in section 4262 of ERISA that SFA and earnings thereon may be used by a plan to make benefit payments and pay plan expenses. Payment of SFA was not intended to reduce withdrawal liability or to make it easier for employers to withdraw". It states also in two areas the financial assistance was not meant to help employers. Despite the fact that the law as passed was meant to provide a remedy for the solvency of these plans for the next fifty years, I think the actions as put forth in the Interim Final Rule will fall short. There is specific reference to the actuaries not overreaching requests for funds by requiring the employers to maintain hourly contribution rates which were required in rehabilitation plans. Most of these rates eclipsed \$3 an hour. By maintaining these rates, it will inflate costs of doing business for Union Employers. These costs may render the Union Companies less competitive to non-union employers. This may hasten the demise of the companies and Union jobs. This will lead to less funds coming into the plans. Further, by maintaining pre-SFA withdrawal liability, there is no incentive for new companies to enter the plan. Therefore, there will be no chance for additional contributors to the plan. And, existing employers may opt to simply liquidate assets and restart something new.

The assumption the employers will simply withdraw upon receipt of SFA in the absence of withdrawal liability is faulty. The employers have carried on contracts with labor unions for years under the threat of these liabilities. They have also made it difficult to sell these businesses. The inability to sell also leads to the destruction of Union jobs as the resultant liquidation is the only option to retain some value. These withdrawal liabilities create a disincentive for employers to add union labor or reinvest in union facilities. The efforts of the SFA to help union labor in America may

ensure their demise.

Finally, as long as Monetary Policy continues a low interest rate agenda and the requirements for low risk investment are in place, the plans will continue to falter. There has to be either sufficient funding to make the plans completely whole or an ability to find investment which may outperform the promised benefits.

Thank you.