

## IMPORTANT UPDATE ON MULTIEMPLOYER PENSION PLANS: Cleveland Iron Workers Local 17 Pension Fund First to Receive Treasury Approval for Benefit Reductions Under the Kline-Miller Multiemployer Pension Reform Act

### Background

Passed and enacted in 2014, the Kline-Miller Multiemployer Pension Reform Act introduced a new system for multiemployer pension plans to seek either temporary or permanent reduction of pension benefits. This legislation only applies to plans projected to run out of funding in advance of meeting all promised benefits.

Specifically, Kline-Miller requires the Treasury Department to review applications by multiemployer pension plans to cut benefits, assessing whether such applications meet the conditions passed by Congress. This review process must be done in consultation with both the Pension Benefit Guaranty Corporation (PBGC) and the Department of Labor.

Keep in mind that most multiemployer pension plans are sufficiently funded and will not be eligible to apply for a reduction under Kline-Miller. However, many funds are in trouble. This is precisely why we recommend lawyers counseling parties in divorce proceedings check the US Department of Labor's Employee Benefits Security Administration list of Critical, Critical and Declining, and Endangered Funds found [here](#).

### Iron Workers Local 17 Benefit Reduction Approval

Effective February 1, 2017, Cleveland area Iron Workers Local 17 Pension Fund retirees will experience significant cuts to their pension -- some reductions in benefits will be greater than 50% (see recent coverage in the Cleveland Plain Dealer [here](#)).

Treasury notified the Board of Trustees of the Iron Workers Local 17 Pension Fund on December 16, 2016, that their application to reduce pension benefits under the Multiemployer Pension Reform Act of 2014 was approved. The Treasury approved benefit reductions were put to a vote of participants and beneficiaries which concluded on January 20, 2017. The reductions were approved overwhelmingly by the universe of voting participants and beneficiaries.

The Treasury approval letter and certification of the vote can be found [here](#).

### Additional resources:

<https://www.treasury.gov/services/Pages/Benefit-Suspensions.aspx>

<http://www.pbgc.gov/prac/pg/mpa/kline-miller-multiemployer-pension-reform-act-of-2014-faqs.html>