



FOR IMMEDIATE RELEASE

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STATEMENT REGARDING GOVERNMENT ACCOUNTABILITY OFFICE REPORTS

Attributable to Thomas Nyhan, Executive Director, Central States Pension Fund

We are pleased that the Government Accountability Office (GAO), a nonpartisan government agency, has completed its two reports related to Central States Pension Fund (Pension Fund). The first report reviews the factors that contributed to the Pension Fund's current financial condition, as well as its investment policies and investment performance. The second report reviews the U.S. Department of Labor's (DOL) activities under a 1982 Consent Decree between the DOL and the Pension Fund. These thorough reviews were conducted over a more than two-year period and have confirmed the following:

- The Pension Fund's investment returns and expenses are in line with other large institutional investors.
- The Pension Fund's investment fees were 9% below the median for other large and demographically similar multiemployer pension funds during the 2000-2014 period.
- The Pension Fund's administrative expenses were 16% below the median for large defined- benefit multiemployer plans.
- The DOL has performed its oversight duties under the Consent Decree. In the time since the Consent Decree was established, the DOL has not found the Pension Fund in violation of either the Consent Decree or the Employee Retirement Income Security Act (ERISA).
- Beyond the DOL's oversight role, it has collaborated with the Pension Fund and others on steps to improve the plan's financial condition, including working with the Pension Fund on its application under the Multiemployer Pension Reform Act of 2014.
- Both reports were submitted to and reviewed by the Department of Labor, the Department of Treasury and the Pension Benefit Guaranty Corporation (PBGC), which provided only technical comments to the reports.
- As a result of these findings, the GAO is not making any recommendations to Congress.

The reports also confirm the perfect storm of factors that have led the Pension Fund to face insolvency by 2025, including deregulation of the trucking industry, which caused thousands of employers to go out of business; a dramatic loss of active participants and increase in retirees; and two devastating market downturns since 2000.

The GAO's findings underscore the dire need for Congress to take action now to protect the benefits of our nearly 385,000 participants. The Pension Fund is just one of more than 110 multiemployer pension funds covering nearly 1.3 million participants that are projected to become insolvent within the next two decades.

Because the federal PBGC also faces insolvency by 2025, all Pension Fund participants and those of other struggling multiemployer pension funds will have their benefits reduced by more than 90% when these funds become insolvent, according to recent testimony by Thomas Reeder, the PBGC Director.



It is imperative that the bipartisan Congressional Joint Select Committee on the Solvency of Multiemployer Pension Plans act this year to produce a full and fair solution to this crisis.

You can find the reports at the following links:

Central States Pension Fund: Investment Policy Decisions and Challenges Facing the Plan (GAO-18-106)

<https://www.gao.gov/products/GAO-18-106>

Central States Pension Fund: Department of Labor Activities under the Consent Decree and Federal Law (GAO-18-105)

<https://www.gao.gov/products/GAO-18-105>