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The Mass Looting of Pension Plans Begins as Federal Law Altered to Reduce Pension Payouts

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No doubt in a sop to their corporate masters, a bipartisan group of lawmakers reached a deal just days ago to allow, for the first time, pension benefits of current retirees to be severely cut.

As reported by *The Washington Post* and *MSN*, the deal was necessary, say its backers, in order to save some of the most distressed pension plans. But what it will really do is pull the economic rug out from underneath millions of aged retirees when the economy remains sluggish and they are at their most vulnerable.

2014 Spending Bill last-minute attachment saves pension plans, not pensioners

The Post reported:

> The rule would alter 40 years of federal law and could affect millions of workers, many of them part of a shrinking corps of middle-income employees in businesses such as trucking, construction and supermarkets.

The amendment was attached – without prior publication or announcement, of course – to the $1.01 trillion spending bill just passed by the House and Senate.

The rule change will "apply to multi-employer pensions, where a group of businesses in the same industry join forces with unions to provide pension coverage for employees. The plans cover some 10 million U.S. workers," said the Post.

Millions will lose benefits when they can least afford to

The paper reported that, overall, there are about 1,400 multi-employer pension plans in existence, and many still remain in good fiscal condition. Those would not be affected by the deal. But several dozen plans have failed while several more larger plans are facing insolvency.

Over the next 20 years, as many as 200 multi-employer plans that cover 1.5 million workers are in danger of running out of funds. And half are believed to be in such bad shape that they are likely to ask for permission to reduce pension payments to recipients in the very near future.

"We have to do something to allow these plans to make the corrections and adjustments they need to keep these plans viable," said Rep. George Miller, D-Calif., who, with Rep. John

Kline, R-Minn., led efforts to hammer out a deal. Naturally no congressional pension plans are in danger of running out of funds – not as long as taxpayers continue to fund them.

As you might have guessed, the provision has angered retirement security advocates. They say that giving pension plans permission to cut benefits and payments will only lead to additional cuts later.

"After a lifetime of hard work to earn their pensions, retirees don't deserve to receive a bad deal, in which they have had no say, cut behind closed doors and excluding the very people who would be impacted the most," Joyce Rogers, a senior vice president for AARP, the lobbying giant lobbying group for older Americans, said in a statement, as reported by the Post.

Worse, there are some unions and retirement fund managers – those who supposedly stand up "for working Americans" – supporting this deal (the Post said they are "reluctantly" supporting it, but it is support nonetheless). They have said they see the deal as necessary to prevent the plans from running out of money (which, as our editor Mike Adams, the Health Ranger, says will happen anyway – more on that in a moment).

"This bipartisan agreement gives pension trustees the tools they need to maintain plan solvency, preserves benefits for the long haul, and protects the 10.5 million multiemployer participants," Randy G. DeFrehne, executive director of the National Coordinating Committee for Multiemployer Plans said in a statement, according to the Post. "With time running out on the retirement security of millions of Americans, moving this bipartisan proposal forward now is not only timely, but necessary."

Predictable results

A year-and-a-half ago, in a piece for Natural News, Adams predicted the decline and fall of pensions – private, for sure, but also *public pensions*. With the declaration of bankruptcy by the city of Detroit in the headlines, Adams wrote:

> Yes, Detroit owes former government employees – teachers, firefighters, cops and more – a whopping $3.5 billion in current and future payments. Except Detroit doesn't have $3.5 billion to pay the pensions. The city is in a state of economic collapse. Remember, the U.S. government used billions in taxpayer money to help General Motors move its manufacturing offshore to countries like China. As a result of economically-insane actions and criminal mismanagement, a city that used to be the hub of industrial output in America has become a ghost town of abandoned buildings, crumbling infrastructure and financial destitution.
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> But even as all this was becoming apparent, the government workers there continued to collect fat paychecks and pensions, all based on the promise that endless population growth would outpace the rise in pension obligations. Many pensioners are owed over $100,000 a year from the government, and this is true across California, Illinois and many other states as well.
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> Chicago, for example, owes $19 billion in pension payments that it doesn't have, and the city of Los Angeles is more than $30 billion in the hole. The story is much the same in every major U.S. city.

Read the Health Ranger's full report here.

Sources:

http://www.msn.com

http://www.washingtonpost.com

http://www.naturalnews.com

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