

Opening Statement of W. Thomas Reeder
Nominee to be Director of the Pension Benefit Guaranty Corporation
U.S. Senate Committee on Finance
July 23, 2015

Mr. Chairman, Ranking Member Wyden, Members of the Committee, thank you for the opportunity to discuss my nomination today.

The Pension Benefit Guaranty Corporation (PBGC) continues to endure challenging times. Its fiscal year 2014 deficit increased to \$62 billion, up from \$36 billion the year before. While the single-employer program has improved significantly, the multiemployer program's deterioration has been driven by the declining financial position of a few very large multiemployer plans.

Congress responded to the crisis in the multiemployer program with the enactment of the Kline-Miller Multiemployer Pension Reform Act of 2014. That Act included several tools to extend the solvency of the multiemployer program. PBGC and Treasury and Labor Departments have already provided much of the administrative framework and guidance to make that law work as intended. If confirmed, one of my highest priorities will be to work closely with Treasury and the IRS, the Department of Labor, and all stakeholders to ensure that new statute is administered fairly. However, the Kline-Miller legislation has only provided a year or two of time. Much more has to be done to prevent insolvency of the multiemployer program within the coming ten years and the sooner the action is taken, the less disruptive it will be.

Of course the issues at PBGC are much more than the deficit of the multiemployer system. The agency is administering single-employer plans and providing assistance to insolvent multiemployer plans that collectively cover nearly 1.5 million Americans, two-thirds of whom are already receiving retirement benefits. Payouts to retirees under these plans amounted to \$5.6 billion in fiscal year 2014. And PBGC manages investments of over \$80 billion. If confirmed, I will work hard to ensure that the agency continues to focus on its strategic goals of preserving plans and protecting pensioners, paying timely and accurate benefits, and maintaining high standards of stewardship and accountability.

I am honored to be nominated for this position and am eager to take on the challenge. I have devoted most of my professional career toward helping employers establish and maintain retirement plans for their employees and helping individuals achieve retirement security. And I believe my rich background of experiences has well prepared me for this role. The PBGC's main purpose is to provide a safety net to continue benefits for pension plan participants when companies can no longer afford the program and to help plan sponsors keep their plans ongoing.

I was an attorney in private practice in the retirement arena for a dozen years before entering public service. As such, I advised clients on creating and operating pension plans. I gained an appreciation for the fact that most employers want to help their employees prepare for retirement. But this view is often offset, particularly with small employers, by the uncertainty of funding a traditional defined benefit pension plan and the perceived regulatory burden of starting and maintaining a plan. I also gained first-hand knowledge of working with government regulatory agencies in the pension area and an appreciation for the talent and dedication of the staffs of each of the agencies.

Since my years in private practice, I played an active role in the development and administration of retirement policy at the Department of the Treasury. As a member of the Senior Executive Service there, I gained a reputation for working cooperatively with all the stakeholders in the employee benefits arena, including employers, employee groups, other agencies, and Congress. I was at Treasury under three Presidents and have found that retirement security is a high priority shared by leaders in both political parties. I directed Treasury's successful administration of several pension reform statutes, including the Pension Protection Act of 2006 and the Worker, Retiree, and Employer Recovery Act of 2008.

Following my experience at the Treasury Department, I was a senior staffer in this Committee. I continued to work hard to bring people together to face difficult issues head-on and find consensus solutions to complex problems – solutions that respect all the stakeholders. Having worked for the Finance Committee, I know the importance of working with Congress. I look forward to working closely with you. I want to hear your ideas and be responsive to your concerns about the agency.

If confirmed to lead the PBGC, I would work with stakeholders and staff to develop a workable consensus with respect to the agency's policies and programs. Retirement security is essential. Defined benefit plans are a better way to achieve it than defined contribution plans and must be preserved. We need to find creative ways to involve more employees and employers in retirement savings, but, at a minimum, we must devote ourselves to protecting the promise that has already been made to employees for lifetime income from their employers' pension plans.

In preparing for this confirmation process, I have learned even more about the talent and professionalism of the staff at the PBGC and their dedication to their responsibility of protecting the pensions of more than 40 million people. I believe I have the right experience and capability to lead that agency toward even greater success in achieving its mission.

If confirmed, I would be honored to join the professionals at PBGC in working towards the goal of retirement security, and I look forward to working with Congress and everyone who shares that goal.

Thank you for the opportunity to appear before you today. I look forward to hearing your views and answering your questions.