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Washington, DC – Congresswoman Doris O. Matsui (CA-5) voted against a flawed pension reform bill in the House of Representatives because instead of fixing the struggling pension system, the legislation worsens the situation – endangering the retirement security for thousands of workers.

“The pension system faces a crisis and Congress must act to shore up the system, protecting the promise of pension benefits that has been made to America’s workers,” said Congresswoman Matsui. “It is a positive sign that Congress recognizes the problem, unfortunately H.R. 2830 does not meet this challenge and will leave our workers worse off than if we did nothing at all.”

The current pension crisis has been spurred by a wave of bankruptcies causing companies to dump their pension obligations on to the federally created pension insurer, the Pension Benefit Guaranty Corporation (PBGC). As a result, the PBGC is now running a $23 billion deficit and companies with defined-benefit pension plans are facing increasing pressure to eliminate pension obligations to achieve cost savings, leaving workers with reduced benefits and broken promises.

“Pension reform must strike a balance between ensuring the system’s solvency and making sure that companies have the proper incentives to maintain their pension programs,” said Matsui. “H.R. 2830 tips the scales against hard-working employees who are counting on their pensions being there when they retire.”

Instead of addressing this crisis, H.R. 2380 would actually make the situation worse by increasing the PBGC deficit by $9 billion, according to the nonpartisan Congressional Budget Office. The legislation would also cause many companies to freeze or terminate their pension plans rather than fulfilling the obligation they have to their workers. Making a bad situation worse, the CBO estimates that this legislation will increase the deficit by more than $70 billion over 10 years.

Democrats proposed alternative legislation that would make the retirement security of American workers the top priority by protecting against companies that try to reduce or eliminate their pension obligations to save costs.

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