U.S. Senator Mel Martinez (R-FL)
Aging Committee on PBGC
Washington, DC
Wednesday, May 20, 2009

Thank you Mr. Chairman for calling today's hearing. One of the biggest concerns among seniors today is the need to protect their pensions – especially given the state of our economy. Every senior has a right to know whether they will receive the benefits they were promised. Current economic uncertainty has highlighted a need to address the risks posed by several large firms teetering on the brink of insolvency. As lawmakers, we cannot stand by as the fate of the pensions of many American workers remains uncertain.

Fortunately, most pensions are protected by the Pension Benefit Guaranty Corporation, or the "PBGC." The PBGC is the pension manager of last resort and has the unenviable task of cleaning up where others have failed. Insolvent pensions that are turned over to the PBGC are significantly underfunded, leaving future benefit levels at risk. What I would like to see is fewer pensions being underfunded and fewer pensions taken over by PBGC.

These underfunded pensions have resulted in a 409 billion dollar funding shortfall in the U.S. pension system.
The pensions of those working for the Big Three in Detroit, for instance – which include auto manufacturers and the 46 largest suppliers – are underfunded by 65 billion dollars, with 2.1 million Americans relying on these plans.

Seniors in Florida are at risk, too. Florida is home to more than 2 million seniors with pensions that could be impacted by factors beyond their control, including a depressed stock market and lax corporate governance.

How we got here and what led to those pensions being underfunded is an open question that is being addressed by other committees. Today, I look forward to hearing from the PBGC's acting director about what contingency plans are in place in the event of further economic collapse. If one or more of the Big Three pensions wind up being taken over by the PBGC, what plans are in place to ensure continued solvency and minimal disruption to the pensioners?

The system, as we've seen, is not healthy in its current form. If legislation such as card check were to pass, a resulting increase in pensioners would only perpetuate these under-funded, multi-employer plans. This issue is only one of the many concerns I have with the bill.

Peripheral, but significant and relevant to the hearing today is a controversy involving the director of the PBGC. Any improper behavior should be prosecuted to the fullest extent of the law, but this corporation faces monumentally larger issues and I hope to get to the bottom of them today.

While we face uncertainty in the near-term, I applaud the efforts of the PBGC in the wake of the previous challenges, including the collapse of steel industry. Collectively, we can find solutions to these problems without placing a greater burden on taxpayers whose pensions remain solvent or who have no pension at all.

Thank you, Mr. Chairman.