Laner's Will Daniels Wins Important Pension Case for Employers

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Practice Areas

Employee Benefits and Executive Compensation

ERISA, Disability and Leave Laws

Health and Welfare Benefit Plans

Retirement Plans

Key takeaway:

If your company contributes to a union (multiemployer) pension plan, this case shows how important it is to verify how your *withdrawal liability* is calculated — mistakes can cost hundreds of thousands of dollars or more.

What Happened

Two companies, **Event Media** and **Pack Expo**, had been contributing to the Central States Pension Fund, a large multiemployer union pension plan.

When they stopped contributing in 2019, the Fund claimed they owed large "withdrawal liability" payments — meant to cover their share of the plan's unfunded pension benefits.

- The Fund used a **higher contribution rate from 2019** ($424 per week) to calculate what the companies owed.
- Laner Muchin, representing the employers, argued the Fund should have used the **lower 2014 rate** ($328 per week) because federal law excludes certain post-2014 contribution increases from withdrawal liability calculations.

The 7th Circuit Court of Appeals **agreed** with Laner Muchin Employee Benefits partner William T. Daniels, ruling that the Fund **used the wrong rate** and **overcharged** the employers.

The Court ordered the Fund to **refund the difference**, plus **interest**.

Why This Matters for Employers

Union pension withdrawal liability can be **devastatingly expensive** — often **hundreds of thousands or even millions of dollars** — and the rules are **complex**.
Many employers don't realize they might owe money years after selling or closing a business.

This decision helps clarify how withdrawal liability should be calculated and reinforces that:

- Funds **can't automatically use post-2014 contribution increases** to inflate withdrawal liability payments.
- Employers can **challenge incorrect calculations** through arbitration and court review.
- Courts are willing to side with employers when a Fund **oversteps statutory limits**.

Practical Steps for Employers

If your company contributes to a union pension plan — or has recently stopped — here's what to do:

1. **Review Your Union Contracts**
    - Know your **current contribution rates** and when they were increased.
    - Understand whether any increases were part of a **rehabilitation or funding improvement plan**.
2. **Monitor Plan Status**
    - If the plan is in "**critical**" or "**critical and declining**" status, extra rules apply.
    - Ask your accountant or lawyer to help assess potential **withdrawal exposure**.
3. **Evaluate Before Selling or Closing**
    - A sale, shutdown, or merger can **trigger withdrawal liability**.
    - Plan ahead with legal and financial advisors before taking major business actions.
4. **Check Any Withdrawal Assessments Carefully**
    - Don't assume the Fund's math is right — it often isn't.

- Have an **experienced ERISA or labor attorney** review the calculation.

5. **Act Quickly if Assessed**
   - Employers have **tight deadlines** (often 60–90 days) to challenge assessments through arbitration.
   - Delay can mean **losing your right to contest** an overcharge.

The Bigger Picture

Congress and the courts continue to adjust the rules to stabilize troubled pension funds without unfairly penalizing participating employers. This case confirms that **employers have rights** — and that **Fund calculations must strictly follow the law**.

Need Help?

If your business contributes to a union pension plan or has been assessed withdrawal liability, contact Laner Muchin for guidance. Our attorneys help employers **analyze exposure**, n**egotiate with pension funds**, and **defend withdrawal liability claims**.