

No Money, Big Problems: Union Pension And Benefit Obligations May Force Hartford Into Bankruptcy

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Unfunded public union pension obligations have been making headlines for years, perhaps most notably with [Detroit being forced into a contentious bankruptcy](#). Detroit, however, is hardly alone. Many states and municipalities have severely underfunded pension obligations crushing their balance sheets. The next city to fall victim to promises made to their unions may be Hartford, Connecticut. Moody's, a credit rating service, is predicting the [municipality will be defaulting on debt owed](#) by the end of the year due in large part to union benefit obligations. Accordingly, many are predicting Hartford will be seeking bankruptcy protection. [Illinois](#) and [California](#) also are feeling the pressure from their unfunded pension liabilities. Many private sector pension plans, particularly multi-employer plans, also are [facing hard times](#). With multi-employer plans, any participating companies may face steep withdrawal liability in the event they attempt to exit a bad situation. These all serve as important reminders to employers to consider carefully weighing any proposals regarding pension plans put forth by unions before agreeing to them.

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