NATIONAL

# Teamsters retirees fight plan to cut Central States Pension benefits

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DULUTH, Minn. (PAI) — A half mile from their union hall, over 220 retired members of Teamsters Local 346 gathered at Holy Family Catholic Church in Duluth Jan. 21 to fight for their pensions.

But it's not just a Teamsters fight. As many as 200 multi-employer pension funds covering 1.5 million American workers could be in jeopardy.

The Multi-Employer Pension Reform Act (MPRA) of 2014, signed into law as part of the omnibus spending bill, gives trustees of underfunded pension plans the green light to cut pension payouts for current retirees — in order to save the funds going forward.

Decades ago, the Teamsters Central States Pension Fund was one of the best union pension funds in the nation. Teamsters were retiring after 30 years of service to a signatory employer and taking home pensions in the $3,000-a-month range. Central States trustees say those days are over: The Chicago-based fund has been in "critical" status for some time.

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>
> – Retired Teamsters Local 346 Secy.-Treasurer Pat Radzak

In October, trustees notified 273,000 retirees in 38 states that their pensions would be cut by as much as 50 to 70 percent. The "rescue plan" will ultimately affect 400,000 Teamsters and will decimate the pensions of many young members working today. Trustees filed an application with the U.S. Treasury Department to begin cutting benefits for current and future Teamster retirees on July 1, 2016.

To fight back, Teamster retiree chapters have created Committees to Protect Pensions. Committee members say it was Central States managers and trustees, the Wall Street fund managers they used, and the federal government that fell asleep at the wheel and caused most of the pension fund's financial problems.

Congressman Rick Nolan (D-Minn.) attended the Teamster retiree meeting in Duluth to say he's in their fight with them.

The head of Central States supports the application for benefit cuts, but Teamsters President Jim Hoffa Jr. doesn't. Hoffa strongly supports legislation (S. 1631) introduced last year by U.S. Sen. Bernie Sanders (I-Vt.), and U.S. Representatives Nolan and Marcy Kaptur (D-Ohio) to undo the Multi-Employer Pension Reform Act. So do several other unions, notably the Machinists. They argued hard against the law before Congress approved it.

Retired Teamster Local 346 Secretary-Treasurer Sherm Liimatainen — part of the Duluth area's leadership group fighting the pension cuts — has traveled to Ohio, Illinois, and Wisconsin to help the fight-back effort.

"We have been betrayed by our fiduciary agents," Liimatainen told the Duluth gathering. "[The Central States trustees] failed to protect us from Wall Street predators."

Liimatainen said Wall Street firms charged exorbitant fees and then used Teamster pension funds to shore up weak funds that they (the firms) had created for their rich VIP investors. Now Central States trustees are telling retirees the rescue plan is the one and only solution. Trustees want retirees to vote "yes" for it in a "Participants' Ratification Process" that the Multi-Employer Pension Reform Act requires. Foes of the rescue plan say the whole idea is bogus, because no matter how retirees vote, the Treasury Department can go ahead and approve the pension cuts. Plus, not voting is considered a "yes" vote, and many retirees may not be healthy enough, or technologically savvy enough, to understand what is happening to their pensions.

So the fight-back committees are asking retirees to sign petitions against the plan and to vote "no" so they could have legal status to continue to challenge the cuts. The committees also created a Teamsters Pension Protection Hotline, 1-888-979-9806, to allow retirees and members to urge lawmakers to pressure the Treasury Department to reject the Central States application.

Workers' pension committee members also say the Central States trustees allowed many employers to not make full pension contributions by creating a "distressed employer" provision — and they didn't offset those losses. The committees are calling for Central States trustees to resign — and thy want a federal investigation into how things got so bad.

Under a 1989 consent decree, the government looked over everything the Teamsters did after mob-related connections and illegal activity were uncovered. The consent decree was lifted just a year ago, ending 25 years of government supervision of the Teamsters. Retiree committee members say the oversight flopped. They also fault the US. Department of Labor, the Treasury Department, and the Pension Benefit Guaranty Corporation (PBGC) for poor oversight.

The PBGC was created in 1974 as part of the Employee Retirement Income Security Act (ERISA), a federal law that sets minimum standards for most pension and health plans in private industry to provide protection for individuals in the plans. PBGC is supposed to protect pensions, but is almost insolvent itself. The agency's looming financial crunch allows Central States trustees to argue that PBGC will be insolvent at the same time as their pension fund —in what the retirees call another excuse for the need for their "rescue plan."

Just in recent U.S. history, the federal government has bailed out savings and loans, Fannie Mae, Freddie Mac, the auto industry, and Wall Street ("too big to fail") banks. And it was the federal government that allowed PBGC to operate undercapitalized for 40 years, jeopardizing the retirement security of the taxpaying American workers it was created to protect.

"We can fix this thing," Congressman Nolan told the Local 346 retirees in Duluth. "By God, if we found a way to fix Wall Street when they needed it, we can fix the pensions of those who paid into them."

Nolan, Kaptur and 16 other House Democrats are urging Treasury to reject the Central States rescue plan. They are pushing the Keep Our Pension Promises Act (HR2844) to repeal the Multi-Employer Pension Reform Act and shore up the PBGC by closing two tax loopholes used almost entirely by wealthy estates to reduce their tax burdens.

Another bill, the Pension Accountability Act (S2147, HR4029) would restore fairness and credibility in the voting process for pension cuts that may be proposed by plans.

Pat Radzak, retired secretary-treasurer of Teamsters Local 346, said he was sick about what was happening to their retirees.

"We told them forever to let wage increases go and put everything they could into their pensions so they'd have secure retirements," Radzak said. "And look what they got for it. It's just not right."

## Cuts coming to some union pensions

Under the Multi-Employer Pension Reform Act of 2014, trustees of severely distressed multi-employer pension plans can reduce benefits for current and future retirees — if doing so can save the plan from future insolvency. Plans are allowed to cut benefits if they're forecasted to run out of money within 15 years (or 20 years if they have more than twice as many retirees as active workers). Benefits can't be cut at all for retirees aged 80 or over, or who are receiving a disability pension, and retirees ages 75 to 79 are subject to smaller cuts than those under 75. And trustees are required to start the cuts with those whose employers went out of business or otherwise withdrew from the plan without paying all of their obligations. Trustees can't cut benefits more than the amount needed to prevent insolvency. And no benefits can be cut below 110 percent of the amount guaranteed by the Pension Benefit Guaranty Corporation (PBGC) — its maximum benefit is $1,072.50 a month for a retiree with 30 years of service.

The Treasury Department has received applications under the MPRA from Teamster Local 469 Pension Fund in New Jersey, and Iron Workers Local 17 Pension Fund of Ohio.

The Pension Rights Center, an advocacy group, maintains a list of multiemployer plans that have notified the federal government that they are in "critical and declining" status, and could file proposals to reduce benefits. It currently has 52 entries.