

Treasury rejects Teamster pension cuts

The proposed pension cuts to 300,000 retirees are unfair and confusing — and not deep enough to prevent insolvency.

The U.S. Treasury Department has rejected a plan by the Teamsters Central States Pension Fund to reduce retiree pension benefits in order to save the plan itself from insolvency.

Until last year, no union-sponsored multi-employer pension plan was allowed to reduce benefits for workers who had already retired and were collecting pension benefits. If a pension fund was headed for insolvency, it was required to spend down its assets, at which point the Pension Benefit Guaranty Corporation (PBGC) — a federal government insurance program — would step in with resources to pay a reduced benefit. But pension investment losses in the 2008 financial market meltdown created a crisis, particularly in funds in declining industries that had more retirees than active members, and that crisis threatened to make PBGC itself insolvent. Rather than bail out the PBGC with taxpayer dollars like it bailed out the banks, Congress passed a law in December 2014 that allowed pension trustees to trim some retiree benefits — if that could prevent the funds themselves

from failing.

The law, the Kline-Miller Multi-employer Pension Reform Act, was tacked onto an omnibus spending bill and passed without a hearing and with less than seven minutes of debate. The way the law works, pension funds can't cut benefits for those over 85, and they can't cut below the benefit level PBGC would have provided, but they also have to cut benefits enough to save the fund. The cuts have to be approved by the Treasury Department, and then pension plan participants also get a chance to reject it through a vote.

The Central States Pension Fund — covering Teamsters in an area stretching from New York to Texas — is by far the biggest failing pension plan, with 411,000 participants. It has \$16.1 billion in assets, but it's spending \$2 billion a year more on benefits than it takes in from active employers, so it's on track to run out of money in 10 years or less. It was the first to seek to use the new legal authority to cut benefits. Its proposal would have cut benefits for about 270,000 people. Cuts would have averaged about 23 percent, but some retirees receiving over \$2,700 a month were slated to lose as much as \$1,500 a month.

But on May 6, Treasury Special Master Kenneth Feinberg,

who was appointed to review proposed benefits cuts under the new law, rejected the Central States trustees' cuts proposal. Feinberg cited three reasons for rejecting the application: The cuts weren't equitably distributed; the notices sent to participants weren't comprehensible to an average person; and the proposal used unreasonably high assumptions about future investment returns (7.5 percent a year), so that the cuts would not guarantee the plan's long-term survival.

The rejection was cause for celebration among affected Teamster retirees. Retired Teamsters throughout the country had formed more than 60 regional committees to oppose the proposed cuts, and to urge Congress and the Treasury Department to prevent the cuts.

OTHER UNION PENSION PLANS THAT HAVE APPLIED TO CUT BENEFITS

Iron Workers Local 17 Pension
Cleveland — 2,067 participants

Teamsters Local 469 Pension
New Jersey — 1,803 participants

Road Carriers Local 707 Pension
New York — 4,664 participants

Iron Workers Local 16 Pension
Baltimore — 1,119 participants

COMMUNITY SERVICE



LETTER CARRIERS FOOD DRIVE. John Vandermosten, a retired electrician and member of IBEW Local 48, collects food at the Gresham Post Office May 14, part of the national "Stamp Out Hunger" food drive sponsored by the National Association of Letter Carriers, AFL-CIO. Pictured alongside him (left) is Stephanie Nystrom of the East Suburban Democrats, which sent a group of volunteers to help sort and load food. The Gresham Post Office collected approximately 34,000 pounds of food. Union members from various locals volunteered at other post offices throughout the state.

Unionists help stamp out hunger

Some 4,000 letter carriers in Oregon and Southwest Washington took part in the 24th annual National Association of Letter Carriers (NALC) Stamp Out Hunger Food Drive May 14. The food drive is held in 10,000 cities and towns in all 50 states, the District of Columbia, Puerto Rico, the Virgin Islands and Guam. Nearly 1,500 NALC branches are involved, including Branch 82 in Portland. Food collected locally is distributed by the Oregon Food Bank. Totals weren't available at

press time, but Oregon typically collects about 1.1 million pounds.

"We are grateful to everyone who participates, and the hundreds of letter carriers who give their time to make this event happen," said Oregon Food Bank CEO Susannah Morgan.

The food drive's national partners are the U.S. Postal Service, the National Rural Letter Carriers' Association, United Food and Commercial Workers, United Way Worldwide, the AFL-CIO, and Valassis.

...Verizon strike goes national

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ous CWA and IBEW contracts).

In a video on a company "labor facts" website, Verizon chief administrative office Marc Reed outlines Verizon's April 28 "last best final offer," but doesn't talk about concessions. Reed says Verizon wants to "[position] the business for future success," and emphasizes the company proposal for a 7.5 percent wage increase over three years. But CWA spokesperson Candice Johnson says the strike isn't about wages: The quality and security of members' jobs are the most important issues.

Johnson said members are tired of mandatory overtime and of being forced to work far away from their families. And they're concerned about Verizon moving more jobs to overseas call centers in the Philippines, Mexico, and elsewhere. Verizon is proposing to close 17 mostly

small call centers and offer workers assistance to relocate.

Before deciding to strike, CWA and IBEW bargained together for 10 months, well past the Aug. 1, 2015, expiration of their previous contracts.

Verizon's decision to continue operating during the strike has contributed to some boisterous picket lines. The company says it trained at least 15,000 of its 120,000 nonunion employees to take over union member duties. Verizon provided a smartphone app to nonunion employees that allows them to take photos documenting time and location for forwarding to Verizon corporate security, along with an incident report. CWA reported that in Gaithersburg, Maryland, a Verizon lawyer struck two picketers with his Porsche, and one required medical attention. The company also says that 1,000 workers crossed the picket lines and re-

turned to work, but CWA disputes that.

Nearly all the strikers are in Verizon's East Coast copper and fiber landline operations, but Verizon is probably better known as the largest wireless phone service provider in the United States. The company's wireless side is entirely nonunion except for Verizon Wireless retail workers in Brooklyn, New York, and Everett, Massachusetts. They voted to join CWA in 2014 but never got a first union contract, and are also taking part in the strike.

The strike is the third one since Verizon formed in 2000 out of the merger of Bell Atlantic/NYNEX and GTE. The most recent strike, in 2012, lasted 13 days and ended with concessions from union workers, including no pension for new hires, just a 401(k); and a requirement that workers and

retirees begin contributing to health insurance premiums for the first time.

To publicize the strike nationwide, CWA and IBEW called for a day of action May 5, and reported that more than 400 protests took place that day at Verizon locations in dozens of cities. CWA Local 7901 president Jeannette Turner says CWA's international union is directing each local to target a particular wireless store for picketing. Portland Jobs With Justice will be coordinating support actions in the Portland area, Turner said. Portland Jobs With Justice executive director Diana Pei Wu says there will be a picket outside the downtown Verizon Wireless Store, 616 SW Broadway, every Thursday from 3 to 5 p.m. CWA and IBEW are asking people to not shop at Verizon Wireless stores when pickets are up, and they're consider-

ing announcing a nationwide boycott of Verizon Wireless.

Company health care benefits were cut off as of May 1, but the unions say they won't let members fall through the cracks. CWA has a \$441 million strike fund built with member contributions. CWA members began receiving \$200 a week after two weeks on strike, and \$300 a week after three weeks; strike benefits will top out at \$400 a week after the eighth week.

The unions also have a joint fund to assist striking members whose families have special needs or very difficult financial circumstances. Portland-headquartered IBEW Local 48 contributed \$5,000. Members of the public can contribute to the fund at StandUpToVerizon.com/solidarity or by sending a check to Verizon Striking Families Solidarity Fund, c/o CWA, 501 3rd Street, NW, Washington, D.C.