

RETIREMENT

Daimler Trucks withdraws from Machinists pension

But workers, and even the pension plan, could come out ahead

Daimler Trucks North America is exiting the union pension plan for assembly workers at its Swan Island truck plant.

On Nov. 4, members of Machinists Lodge 1005 at the truck plant and a nearby facility that customizes trucks pre-delivery voted overwhelmingly in favor of Daimler's mid-contract offer to put money — lots of it — into a "defined contribution" 401(k) retirement savings plan sponsored by the national Machinists union, as a replacement for the money it has up to now been putting into a multi-employer "defined benefit" pension plan.

Normally, switching from a pension to a 401(k) wouldn't be a great trade, because a traditional defined benefit pension offers a guaranteed benefit and therefore greater security. But the Seattle-based Automotive Machinists Pension Plan was pushed into long-term decline by the 2008 financial crash. As of Jan. 1, 2017, it had \$648 million in assets and \$1.1 billion in projected future liabilities.

It might have been possible to make up for those losses if Daimler, the pension plan's biggest participating employer, hadn't spent decades downsizing. Now, with many more retirees in the plan than active members, catching up is a heavy lift.

At its Portland facilities, where

Local 1005 members assemble and customize heavy-duty Western Star brand trucks, Daimler has been paying a mandatory "rehabilitation" surcharge of \$6.15 an hour to make up for the multi-employer pension plan's financial losses. And that's on top of the \$4.45 an hour that the company agreed to contribute under the current collective bargaining agreement with Machinists Lodge 1005. What's more, because of the plan's financial difficulties, those base contributions weren't accruing much in terms of future pension benefits: The plan's 1 percent "multiplier" means when workers retire, they'll get monthly payments equal to 1 percent of each year's total contributions. During the plan's glory days before the 2001 financial crash, the multiplier was 5.35 percent.

Under a 2006 federal law, if Daimler wants to withdraw from the pension plan, it must pay the unfunded liability for its employees who are in the plan, in order to ensure that they get the benefits they already earned. The actual dollar amount is considered private information between the pension trust and the company. One factor in the company's decision to withdraw now may have been that under federal

rules, the amount of its withdrawal liability is calculated using a 10-year "lookback period," and the plant downsized in 2005.

Going forward, the company will contribute \$3.50 an hour into the 401(k), and those accounts will be seeded with a

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— Joe Kear, retired business representative, Machinists District Lodge W24



start-up contribution of \$15,000 per employee. Daimler is depositing the seed money not just for the roughly 380 workers currently employed but also for about 55 employees who are laid off but still have recall rights to return to work if the plant starts hiring again. The seed contributions total around \$6.6 million. Under the agreement workers ratified, Daimler's automatic hourly contribution drops to \$2 an hour in October 2020 for the final year of the current union contract, but the company at that point will also provide a dollar-for-dollar match of worker contributions up to 1 percent of an employee's base wage.

While \$3.50 an hour toward the 401(k) is less than the \$4.45 an hour base rate Daimler was contributing to the pension, Ma-

chinists District Lodge W24 representative Dwain Panian says when the seed money is factored in, it works out to about \$5 an hour over the life of the contract.

Workers will bear the risk of investments doing poorly in the 401(k), but based on calculations by union representatives, it's likely to generate a greater retirement benefit than remaining in the defined benefit plan — because of the low multiplier.

It wasn't a shock that

Daimler wanted out of the pension: In the five-year union contract that the two sides agreed to last year, Local 1005 gave the company the right to withdraw from the pension, so long as the union would have an opportunity to present proposals. Daimler lived up to those terms, says retired District W24 business representative Joe Kear. On Oct. 23, Daimler notified pension plan trustees that it planned to withdraw as of Nov. 30, 2017, and began discussions with the union. Kear, who retired earlier this year, helped Panian with negotiations, which lasted four days.

"We felt they were sincere in wanting to do something for employees to have a replacement for the retirement plan," Kear said.

The union tried to interest Daimler in starting a new defined benefit plan, but that was a non-starter.

At a special Nov. 4 meeting at the Jantzen Beach Red Lion, members voted by a 97 percent margin to approve the company's proposal to begin contributing to the Machinists 401(k).

The fact that Daimler will be paying a large withdrawal liability puts the pension in better shape for retirees and participants at the remaining employers, Kear says.

Kear says this also resolves one of thorniest issues in recent bargaining: the degree to which the company was on the hook for making up pension losses. Pension rehabilitation obligations have been a sore point, constraining the company's ability to offer wage increases.

Panian says the new settlement may have other benefits as well: It lowers labor costs at the Portland truck plant, making the plant's long-term survival more likely. In 2009, Daimler considered closing the plant, but decided against it.

Machinists are the largest of four union bargaining units at the Portland truck plant, and the deal worked out doesn't affect the other units: Teamsters Local 305, Sign Painters & Paint Makers Local 1094, and Service Employees International Union Local 49.

...New Seasons deploys union-busters

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ings, but New Seasons workers interviewed for this article said they weren't told the meetings were optional, or even what the meetings were about.

In communications with employees, New Seasons frequently touts its "speak-up" culture. But Amanda Birnbaum — a 14-year New Seasons employee who works as a cashier at the Concordia store — says she was shushed when she spoke up to defend the union campaign at one of the meetings led by a Cruz & Associates consultant.

"We're becoming the company we say we're not like," Birnbaum told the Labor Press.

When Birnbaum asked why union advocates weren't also given a chance to speak at these "informational" meetings, she says she was told if New Seasons let union organizers address workers, that would be supporting the union, which employers are barred from doing. [Not true.]

New Seasons now publicly acknowledges that it hired the firm Cruz & Associates. A new section of the company website — newseasonsmarket.com/laborrelations — says the firm was hired to provide "voluntary information sessions to offer objective information to our staff."

In Birnbaum's recollection, the information presented was

that unions are "manipulative" "third parties" with their own agendas, chiefly collecting dues.

On its website, Cruz & Associates bills itself as "one of the nation's leading labor relations firms" and says it helps businesses "respond immediately and effectively to union activity" by managing campaigns, preparing campaign materials, and training managers and supervisors. Past clients include the trucking company Conway, window manufacturer Jeld-Wen, Hilton hotels, American Apparel, and Trump Hotel Las Vegas.

That's the company New Seasons is now keeping, and it's not likely to improve the public

image of the up-to-now fast-growing Portland natural foods chain.

On Dec. 7, New Seasons Workers United announced that some New Seasons employees have filed a complaint with the nonprofit that certified New Seasons as a "B Corp." B Corp is a certification provided by the nonprofit B Lab that a company uses its business as a "force for good." In their complaint to B Lab, the workers say New Seasons management has violated employees' right to organize. They call on B Lab to investigate New Seasons compliance with its stated values, and if found in violation, to strip the company of its B Corp designation.

New Seasons, on its website, says it hasn't retaliated against staff, or asked employees to refrain from discussing the unionization effort. And indeed, Mendoza was ostensibly fired for creating a hostile work environment, and Bosart was fired for lateness. [Bosart says that's after she was put on six months probation for missing an optional on-the-clock "dismantling racism" class that she signed up for.]

SUPPORT RALLY ANNOUNCED FOR NEW SEASONS WORKERS UNION

- **Time:** Tuesday, Dec. 19, 4 p.m.
- **Place:** Arbor Lodge New Seasons store, 6400 N Interstate Ave.