

# NORTHWEST LABOR PRESS

(International Standard Serial Number 0894-444X)

Established in 1900 in Portland, Oregon as a voice of the labor movement. Published on a semi-monthly basis on the first and third Fridays of each month by the Oregon Labor Press Publishing Co. Inc., a non-profit mutual benefit corporation owned by 20 unions and councils including the Oregon AFL-CIO. Serving more than 120 union organizations in Oregon and Southwest Washington.

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Printed on recycled paper, using soy-based inks, by members of Teamsters Local 747-M.

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PERIODICALS POSTAGE PAID AT PORTLAND, OREGON.

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## ...Pension crisis sparks reform debate

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aster for its 397,492 participants — including 165,000 now-retired truck drivers and factory workers who worked their whole lives expecting a pension. It would also push the government's pension insurance program into insolvency — the Pension Benefit Guaranty Corporation (PBGC) multi-employer program provides funds to pensions that run out of money so they can pay benefits to retired workers.

And that's not all. A Central States collapse could also push several national trucking companies into bankruptcy, and even threaten the viability of UPS, America's biggest commercial package delivery company. Combined, UPS and those trucking companies account for a sizable fraction of contributions to the Western Conference pension. If they fail, the now-healthy Western Conference pension could be at risk.

Mack, the Western Conference pension co-chair, has been traveling all over the Western United States to talk about coming crisis of pensions, and options in Congress to fix it.

Central States is only the

biggest of an estimated 102 multi-employer pension trusts that are projected to run out of money within 20 years, leaving 1.2 million active and retired union workers with just a fraction of the pension benefit they were promised.

At least three of those declining plans have members in the Portland area: Operative Plasterers Local No 82 Pension Trust Fund; Western States Office And Professional Employees Pension Fund, which includes union office employees and workers at Northwest Natural who are members of OPEIU Local 11; and Bakery & Confectionery (B&C) Union & Industry International Pension Fund, which includes workers at the Portland Nabisco plant. In B&C's case, the pension's troubles are at the heart of a dramatic two year contract standoff with Nabisco [See related article on Page 1.]

### What went wrong

Union-sponsored multi-employer pension plans have long been an extraordinarily stable, efficient and flexible way for unionized employers to provide secure retirement benefits. The way they work, the employers

typically contribute a certain dollar amount for each hour an employee works, the amount spelled out under the terms of collective bargaining agreements they negotiated with the union. The funds are collected and invested long-term by the pension trusts. The trusts are overseen by equal numbers of union and employer trustees, who are advised by actuaries, accountants, administrators, attorneys and investment managers. Based on how well they expect investments to perform, trustees promise a retirement benefit that grows or "accrues" for every dollar the employer contributes. By the time workers retire, the pension trusts will have invested decades of contributions on their behalf.

Multi-employer pensions are most common in manufacturing, trucking, and industries like construction that have lots of small employers and workers that move from one employer to another.

All told there are about 1,300 multi-employer pension trusts. All were battered by the 2000 and 2008 financial crashes, but more than nine tenths of them

### FIVE FAILING FUNDS

#### Central States Teamsters

397,492 participants, 83.8% inactive  
33% funded  
7 years until insolvency

#### United Mine Workers 1974 Plan

104,258 participants, 92.1% inactive  
39.8% funded  
5 years until insolvency

#### Western States OPEIU

7,830 participants, 88.3% inactive  
15 years until insolvency — except that the trust has asked the Treasury Department for permission to cut benefits 30 percent and thereby prevent insolvency

#### Bakery & Confectionery Pension

113,040 participants, 79.9% inactive  
42.6% funded  
12 years until insolvency

#### Operative Plasterers Local 82 Pension

274 participants, 74.4 percent inactive  
62% funded  
16 years to insolvency — except that the trust has asked the Treasury Department for permission to cut benefits 22 percent (31 percent for inactives) and thereby prevent insolvency

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