

RETIREMENT

Western States OPEIU Pension moves to cut benefits

Without a 30% pension cut, the fund will be insolvent in 18 years.

A union pension plan for office workers is applying to the U.S. Treasury Department for permission to cut retiree benefits up to 30 percent in order to halt a slide to insolvency. Portland-based Western States Office and Professional Employees Pension Fund covers 7,400 current and former members of nine Western United States locals of Office and Professional Employees International Union (OPEIU). They're mostly clerical staff at labor unions and defunct or no-longer-unionized trucking companies.

Until 2014, multi-employer pension plans like Western States weren't allowed to reduce benefits for workers who were already retired. But a law passed that year allows pensions to cut retiree benefits to a certain extent if that can prevent insolvency. The law says pension cuts must progressively phase out for retirees aged 75 to 80, and benefits can't be cut at all for those 80 and over.

Pension plan participants get to vote on the proposed cuts, but can only stop the cuts if a majority of total participants vote to reject them — not just a majority of those voting.

Retiree Evangelyn Huntington calls that outright majority requirement a "fraud of the highest order." Huntington went to work at the Portland headquarters of Consolidated Freightways in 1978 as a mainframe computer operator, and stayed when her division was spun off as CNF Transportation in 1996. In 2003, angry over the role played by OPEIU Local 11's leader in the Capital Consultants fraud case, she and her co-workers voted to decertify Local 11 and go non-union. That 132-106 vote meant the Western States pension fund lost its largest remaining employer, with 257 employees. Once-mighty trucking company Consolidated Freightways had gone bankrupt the year before, ending pension contributions for about 400 union office workers.

Western States is typical of the roughly 100 union-sponsored multi-employer pension plans that are currently heading for insolvency — in that its investments lost value in the 2000 and 2008 financial crashes, but it can't recover from those losses because retirees and former employees greatly outnumber active workers whose employers are making contributions to the plan. Western States today has 11 times as many retirees and vested former

workers as current workers.

Retirees came to greatly outnumber active employees because of a long slow decline in OPEIU membership. Computerization reduced the number of office workers needed. Local unions that employed OPEIU members were themselves declining in members, and merged and laid off office staff. Office staff at unionized trucking firms were laid off when their firms went out of business, or like CNF, voted to go non-union. In the mid-1980s, Western States had over 500 contributing employers. Today it has 168.

Now, its participants are presented with a choice between evils: Painful cuts now, or even more painful cuts in 18 years. Without the cuts, Western States will run out of money by 2036.

If Huntington is still around then, she'll be 87. She plans to vote against the cuts, which for her amount to over \$500 a month. She was 61 when she retired. Since then her health has worsened and she doesn't feel she can return to the workforce.

"To us that are retired, this guarantee is what we based everything on, and now they're saying they're going to take it away," Huntington said. "What am I going to do? If I get it re-

duced now, there goes any little cushion I have if anything goes wrong."

Meanwhile, retired union bookkeeper Christie Gronquist says she plans on voting for the cuts, to avoid having to suffer the bigger cut later. Gronquist, also a member of OPEIU Local 11, took early retirement in 2008 at age 57. After 29 years as bookkeeper, first at Machinists District Lodge 24, then United Food and Commercial Workers Local 555, she gets a \$1,283 a month pension. That will drop to \$1,140 a month under the proposed cuts. [It's not the full 30 percent because of a rule that cuts can't go below 110 percent of a federally insured minimum.]

"It's not going to kill me," Gronquist says. "It just kind of breaks your heart that you plan on that and then it gets cut."

Western States' May 15 application to the U.S. Treasury Department was actually its third attempt. The previous two were withdrawn on the advice of Treasury officials for technical reasons. Once the Treasury Department approves the application as expected, a vote by mail will take place within 30 days. If it isn't rejected by a majority of participants, the cuts will take effect Oct. 1.

WHO'S AFFECTED?

For Oregon and SW Washington, pension cuts proposed by Western States OPEIU Pension Fund would affect current and former office staff at the following local unions and OPEIU-represented employers:

Catholic Archdiocese of Portland
Asbestos Workers Local 36
Assn. of Western Pulp & Paper Workers
Bakers Local 114
Boilermakers Locals 242 and 500
Cement Masons Local 555
Columbia-Pacific Building Trades
Consolidated Freightways
CNF/ConWay
CWA Local 7901
Machinists District Lodge W-24
IBEW & United Workers Credit Union
IBEW Local 48
ILWU Locals 40 and 8
Ironworkers Local 29 and 516
Painters District Council 5
Laborers Local 483
Labor's Community Service Agency
Linoleum and Carpet Layers Local 1236
Machinists/Boilermakers Credit Union
Manor Management Services
NECA-IBEW Training Trust
Northwest Labor Press
Northwest Natural Gas
Northwest Oregon Labor Council
OPEIU Local 11
Oregon Federation of Nurses
Oregon State Building Trades Council
Oregon AFL-CIO
Pacific NW Ironworkers Credit Union
Pacific NW Council of Carpenters
Painters Local 10
Portland Local 8 Credit Union
Sheet Metal Workers Local 16
UA Local 290
UA Local 290 Training Trust
UFCW Local 555



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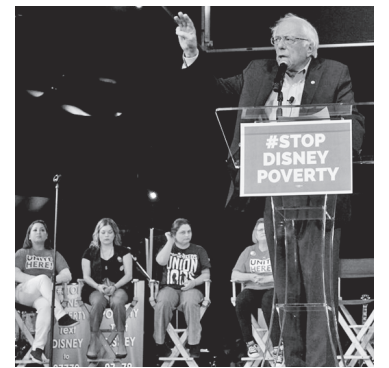
Bernie to Disney: Give your workers a raise

At a packed June 2 union rally, one of America's most popular politicians said it's time Disney paid \$15 an hour to workers at its Anaheim theme park and resort.

"If a corporation like Disney has enough money to pay its CEO over \$400 million in a four-year period, it damn well has enough money to pay its workers at least \$15 an hour," Vermont Sen. Bernie Sanders told 1,500 unionized Disneyland employees.

The rally came after a 13-union coalition turned in 21,000 signatures to qualify a local ballot measure in November that would establish a \$15 an hour minimum wage effective Jan. 1, 2019, with a \$1 increase each subsequent January until 2022 — for any employers accepting city subsidies.

Anaheim City Council gave Disney a tax break in 2016 valued at \$267 million over the next 20 years. Disney reported \$9 billion in profit last year, and this



year president Trump's corporate tax cut is reducing its tax rate from 35% to 21%.

Yet for the 125,000 of its full- and part-time employees who are union-represented, Disney's current contract offer is to increase its starting wage from \$11 to \$13.25, to \$15 by the year 2020.

"The struggle that you are waging here in Anaheim is not just for you," Sanders said. "It is a struggle for millions of workers all across this country who are sick and tired of working longer hours for lower wages, of not being able to find decent housing they can afford, and of not having adequate health care."