



Published on Teamsters for a Democratic Union (<http://tdu.org>)

Pension Crisis Calls for Teamster Action

By TDU

Created 2009-05-22 19:27

May 22, 2009: Our union needs to mobilize Teamster members and retirees—in the halls of Congress and in the streets—to save our benefits. It's time for decisive action.



Teamster members are facing the worst pension crisis in the history of our union.

This crisis is not the fault of Teamster members. We worked hard, played by the rules and saved for the future—sacrificing wage increases to fund good pensions.

Defined benefit pensions are the most secure retirement plans, now and for the future. We need to take action to protect them.

Our hard work and savings went up in smoke when Wall Street con artists torched the whole economy with their sub-prime mortgages, credit default swaps and get-rich-quick financial schemes.

The Central States Pension Fund lost \$9.5 billion last year—more than a third of its assets—when the stock market tanked. The Wall Street schemers were inadvertently helped along by the ill-fated decision to let our union's largest and most profitable employer, UPS, out of the fund.

Now, the Central States Fund is in big trouble. If another big employer fails, then the second largest pension fund in the Teamsters Union could be forced to cut benefits. Tens of thousands of working Teamsters could see their retirement endangered. And Teamster power would be weakened, because our pension plans are an important part of our strength.

The pension crisis goes far beyond the Central States. There's not a single pension plan that has escaped the damage brought by the financial crisis. And it goes far beyond our Teamsters Union plans.

Pro-Worker Pension Reform

That's the bad news. But there's more to the story.

A number of different legislative reforms are being considered that would protect members' benefits and

strengthen our pension funds. We need to put our union's political muscle to work to pass pro-worker pension reform and to defeat other proposals that would hurt Teamster members and retirees.

There is good reason for Congress to act. Union multi-employer pension plans work. For decades, multi-employer union pension funds have taken care of our participants on our own without any help from the government. The record of union pension funds is far superior to that of single-employer pension funds.

When a company goes out of business in a single-employer pension plan (like Enron), the Pension Benefit Guarantee Corporation gets stuck with the tab. But when a company goes out of business in a Teamster plan, the other participants pick up the tab. Tens of thousands of Teamsters from companies like CF or Red Star that have gone out of business still have their pensions. And the PBGC hasn't had to pay a dime.

Union multi-employer pension plans have provided decent pensions to millions of Americans and can do the same for the next generation. Congress needs to invest in helping to strengthen pension funds that work. If not, we will all pay a much higher price.

Positive Proposals Put Forward

Some union leaders are supporting positive steps that Congress can take to strengthen Teamster pensions and other multi-employer pension plans.

- **The PBGC should provide workers with real, not token protection.** Unlike the FDIC, the PBGC insures only a fraction of your pension. The PBGC actually discriminates against multi-employer pension funds by guaranteeing a smaller percentage of participant's pensions compared to single-employer plans. That's wrong.

- **The PBGC should help finance the pensions of retirees whose companies have gone out of business.** For decades, our pension funds have picked up this tab all on their own. Today, that burden is becoming overwhelming on funds whose assets were devastated by the financial crisis.

If these funds go broke, it is lose-lose. The PBGC will have to pick up a massive tab but workers will only get a fraction of their pensions. A better solution is for the PBGC to keep pension funds healthy by helping them finance the pensions of retirees whose companies are out of business.

- **The PBGC should make grants and emergency loans available to pension funds** that need time and assistance to build up their assets as the stock market recovers.

- **Congress should pass the Employee Free Choice Act.** The financial crisis has weakened Teamster pension funds—but so has our union's failure to bring new companies into the funds.

The Employee Free Choice Act will level the playing field so workers who want to join a union can. It's up to our union to organize the nonunion competition and bring new companies into our pension funds.

No Backward Steps

Other changes to pension law are being considered that would hurt union members and retirees.

Some pension funds want more "flexibility" to cut benefits of those already retired.

The proposal is back to allow pension funds to cut your benefits even after you have already retired. Teamsters for a Democratic Union and the Pension Rights Center mobilized in 2006 to defeat this amendment and preserve the anti-cutback rule.

Teamster Power

Teamster pensions are worth fighting for. And working Teamsters have shown time and again that they will stand up and fight for their benefits.

The Teamsters Union is well-positioned to lead the fight for retirement security.

It's time for our union to tap the power of the tens of thousands of Teamsters who are concerned about our pensions—and join forces with other unions, pension funds, AARP and other allies.

The International Union has formed a high-level committee to look for ways to protect union pension funds. That's a good step. But we need to move beyond committees and tap the power of Teamster members and retirees.

We need to be in the halls of Congress—and we need to be out in the streets—putting the responsibility for this pension crisis on Wall Street where it belongs and demanding government action to protect workers' retirement security.

It's a crisis. Let's act like it, and take decisive action to save good pensions for our retirees, members and future members.

By Sandy Pope President, Local 805 New York City

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