



# TEAMSTERS JOINT COUNCIL 25

AFFILIATED WITH THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS

JOHN T. COLI, President

THOMAS W. STIEDE, Secretary-Treasurer  
TERRENCE J. HANCOCK, Vice President  
BRIAN MEIDEL, Recording Secretary

JAMES T. GLIMCO, Trustee  
MICHAEL B. HAFFNER, Trustee  
MICHAEL L. YAUGER, Trustee

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## NEWS >>

### JOINT COUNCIL 25 URGES CENTRAL STATES TO RECALL PENSION CUT PROPOSAL

#### Coli Calls Trustees' 'Rescue Plan' Deceptive, Damaging to Retirees

In a recent letter to Central States Pension Fund Trustees, Teamsters Joint Council 25 President John T. Coli called on the Fund's Executive Director Thomas Nyhan to abandon the so-called "Pension Rescue Plan" submitted to the Treasury Department.

Central States' proposal would drastically cut earned pension benefits for more than 400,000 Teamster retirees — irreparably damaging the retirement security members worked for decades to establish. Despite details presented by Nyhan that benefit reductions under the plan would not exceed 22 percent for average retirees, the reality is far worse. Fund beneficiaries could suffer cuts to their pensions from 40 percent to as much as a staggering 60 percent.

"The 'rescue plan' proposed by Central States is a farce. It's the worst possible recommendation the Fund could put forward that will obliterate pension benefits for Teamster retirees," Coli said. "Central States is attempting to fully exploit the Multiemployer Pension Reform Act that our union opposed to transfer its own debt to the very retirees it owns money to. This isn't a solution. This isn't responsible reform."

The MPRA, passed in 2014, allows severely underfunded multiemployer pension plans to cut pensioners' income after more than four decades of pension protection under federal law. Teamsters will have an opportunity to vote on whether to approve the Central States proposal, but the MPRA allows the Treasury Department to still enact the cuts on its own and override a negative vote by participants.

According to its own estimates, Central States currently is paying out \$3.46 in pension benefits for every \$1 it takes in, suggesting the fund could become insolvent by 2027 without taking action. The fund's "rescue plan" aims to cut pension benefits in a variety of ways, chopping up participants into three tiers.

Roughly 44,000 retirees whose employers failed to pay their full pension withdrawal obligations would see the most severe cuts allowable under the MPRA. Approximately 76 percent of participants — the majority of those in Central States — would see a reduction to their accrual rate over time, from 1 percent to 0.75 percent. The final tier affects UPS participants active in the fund after December 29, 2007. These retirees, totaling nearly 48,000, would see no net loss in benefits under the proposal.

The plan would also increase the retirement age from 62 to 65 during a five-year period from 2021-2025.

"These proposed cuts are simply outrageous, and they prove just how little the trustees of Central States care about the implications their plan will have on real Teamster families," Coli said. "We need to find equitable solutions to the problems that plague Central States, but we can't do that until the fund owns up to the deception of its 'rescue plan' and withdraws the proposal from the Treasury Department."



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The Teamsters Union currently supports legislation introduced by Vermont Sen. Bernie Sanders known as the Keep Our Pension Promises Act (KOPPA), which would roll back pension-cut provisions in the MPRA and provide funding for the Pension Benefit Guaranty Corporation. The legislation would close tax loopholes to help fund PBGC, add \$10 billion to the agency over a decade and shore up its ability to realistically protect multiemployer pension plans like Central States from going bankrupt.

If Congress is unable to take any action on KOPPA, Ohio Sen. Rob Portman has also introduced the Pension Accountability Act, which would guarantee thousands of retirees and workers threatened by deep cuts to their pensions a meaningful voice in deciding their own future.

Central States trustees formally filed their “rescue plan” with the Treasury Department on September 25. The department has up to 225 days to review it. If approved, the plan would be implemented on July 1, 2016.

“The International Brotherhood of Teamsters and Teamsters Joint Council 25 will not back down from this fight. We support responsible legislative measures to protect our retirees in the face of this unspeakable pension cut proposal,” Coli said. “But Central States needs to step up now and do the right thing for its participants and the future of their families.”

Teamsters Joint Council 25 is America’s premier labor union for Chicago, Illinois and northwest Indiana.