



# TEAMSTERS JOINT COUNCIL 25

AFFILIATED WITH THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS

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## NEWS >>

### HOFFA: WORKERS NEED REAL PENSION REFORM

*By Teamsters General President James P. Hoffa  
Originally published in the Detroit News*

The Teamsters won a battle over pensions last month in Congress as part of a short-term spending bill. But there is still a long way to go in this fight to protect the retirement security of hundreds of thousands of workers in Michigan and across the United States.

Months of lobbying by union members halted efforts to include legislation unveiled last fall that would have created a false fix for pensions as part of another short-term continuing resolution that funds the federal government through April 28. But the fight isn't over and workers must remain on guard to ensure that such language isn't part of future legislation.

At stake is the financial security of many retirees. The proposed measure changes pension funding rules by allowing multiemployer pension administrators to transition their defined benefit pension plans to a new "composite" plan. The bill would have the effect of creating two underfunded pension plans that shortchange participants.

First, it would significantly reduce contributions to the legacy pension plan. Under the proposal, pension administrators are permitted to refinance plan liabilities and pay them off over 25 years, about double the time permitted under current law. But this scheme doesn't fix anything. The same market forces facing legacy plans would create funding shortfalls for composite plans, requiring plans to either increase contributions or, more likely, reduce benefits.

Further, the legislation would permit unprecedented cuts to retirees' benefits. It doesn't even contain the few procedural protections for plan participants offered under the devastating Multiemployer Pension Reform Act enacted in 2014, making it much easier for composite plans to massively slash benefits.

The proposal would also increase the likelihood of employers withdrawing from legacy plans. Under current law, a company's withdrawal liability payments are calculated on its pre-withdrawal contribution rate, ensuring that withdrawing employers pay more of their employees' actual pension benefits liability.

But as part of the composite pension proposal, the pre-withdrawal contribution rate is lower than it would be in a traditional defined benefit plan. By allowing employers to dramatically cut their legacy contribution rate, the proposed measure would also significantly reduce the cost of withdrawing from a legacy plan.

Now make no mistake, the Teamsters believe pension reform is necessary. But this plan is not the right solution. Many workers and retirees spent decades contributing to their pensions, taking lower pay and benefits in return for the promise of retirement security. But that will not happen with this legislation.



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The need for comprehensive pension reform is significant. Now more than ever, Congress must come together and create a bipartisan solution that protects their constituents who played by the rules and did everything they were supposed to do while supporting their families and contributing to our nation's well-being. They don't deserve to be cast aside. Instead, they should be protected with a real fix that allows them to live their golden years with dignity.

An affiliate of the International Brotherhood of Teamsters, Teamsters Joint Council 25 is America's premier labor union for Chicago, Illinois and northwest Indiana.