

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

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October 28, 2013

The Honorable John P. Kline, Chairman
The Honorable George Miller, Ranking Member
Committee on Education and the Workforce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Kline and Ranking Member Miller:

I have been asked by people that I respect enormously – leaders of my union and other unions, labor trustees of many of our multi-employer plans, and many of your colleagues in the U.S. House and Senate – for the IBT’s position on the proposals contained in the document, “Solutions Not Bailouts,” drafted by the Retirement Security Review Commission of the National Coordinating Committee for Multiemployer Plans (NCCMP).

I have carefully studied the proposals in the document and commend the NCCMP for undertaking the work that was required to develop ways to protect the multi-employer plans that millions of working families depend on and will depend on in the future. The NCCMP deserves enormous credit for moving the discussion of the crises facing our multi-employer plans forward.

“Solutions Not Bailouts” is an extremely thoughtful and sophisticated document. And the IBT supports many of the proposals in the document. Nevertheless, after much discussion and consultation with Teamster officers and fund trustees, as well as pension experts and administrators, we cannot at this time support any proposal that would cut accrued benefits of participants, including cutting the pension benefits of current retirees in endangered plans, despite the fact it could potentially prolong the life of plans heading toward insolvency and, perhaps, allow retirees to receive their pensions for longer periods of time at levels that exceed the PBGC guaranteed minimums.

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We have reviewed the viewpoints of those supporting the NCCMP proposal and understand that the political obstacles to an alternative solution that would save these plans from ultimate insolvency are enormous. Nevertheless, our union does not believe that this is the time to accept these obstacles as insurmountable.

Our Teamster participants in multi-employer plans are not alone. The crisis facing many of our plans is taking place at the same time as the pensions of millions of public employees and millions of private sector employees in single employer plans are also threatened. The IBT is at the forefront, along with many other unions, in the campaign to stop the reduction of promised pensions to our retired public employees. We cannot, then, turn around and support a proposal that would lead to a cut in the pensions of Teamster retirees in private sector multi-employer pension plans, plans on which many of our officers serve as trustees.

In our view, the pension crisis is part of a larger retirement security crisis in our nation that requires a comprehensive national solution. American workers who played by the rules and were promised decent retirement benefits, with assurance in the form of federal legislation creating the PBGC that those benefits would be protected, should not be forced to bear the burden of failed government economic policies (deregulation, export of jobs, deindustrialization, unfair trade) and a failure of government itself to provide sufficient backstop to now endangered plans.

Now, under the NCCMP proposal, workers with vested pensions may suffer significant financial sacrifices, with no effective avenue to recover their loss of promised retirement income.

Therefore we cannot support a proposal that makes cutting of vested benefits of retirees and near-retirees a key component of the solution to the projected insolvency of the PBGC and many multi-employer pension funds before waging an all-out national campaign to save these plans and protect these retirees.

We must be more creative in dealing with the specific issues confronting multi-employer plans before we take the draconian step of cutting benefits. For example, we read with great interest the submission to the House Education and Workforce Committee by the AARP (June 17, 2013). We believe that we should further analyze several of the proposals to determine their viability to increase funds for multi-employer plans as well as for the PBGC. We are sure that if we work together we can find other alternatives.

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At the end of the day, however, this issue is about basic economic fairness and the kind of country we want to live in. Differing from the NCCMP approach, we believe that it is the federal government's responsibility to solve the problem of insuring the promises made to our retirees in ERISA plans and simultaneously to insure the solvency of the PBGC.

The question is whether as trade union leaders we accept the status quo and attempt to maneuver within it, or whether we are prepared to fight for changes that will ensure that the right to a dignified retirement remains sacrosanct. We challenge ourselves and our trade union and community allies to build a movement that will reverse the mad rush to destroy what little semblance of retirement security exists in this country, and restore to solvency the pension plans that millions of American workers in both the public and private sectors depend upon.

Sincerely,


James P. Hoffa
General President

JPH/pa