

FAQs on the Butch Lewis Emergency Pension Relief Act

What will the Butch Lewis Emergency Pension Relief Act mean for Teamster pension funds and for your pension?

Get answers to Frequently Asked Questions.

What does the law mean for eligible Teamster pension funds?

The Pension Benefit Guaranty Corporation (the “PBGC”) will send payments directly to eligible multiemployer pension plans to restore the funds to financial health and reverse some benefit cuts.

Which Teamster pension funds are eligible?

A number of Teamster funds will be eligible to receive relief under the act, including the Central States Pension Fund, the Western Pennsylvania Pension Fund, the New York State Teamsters Pension Fund, the Mid-Jersey Trucking and Local 701 Pension Fund, the New England Teamster & Trucking Industry Fund, and the Road Carriers Local 707 Pension Fund and some others—about 50 Teamster plans are eligible.

How does the law determine which pension funds are eligible?

Under the law, a multi-employer plan is eligible for funds if any of the following apply:

- 1) The plan is in “critical and declining status” (within the meaning of section 305(b)(6) of ERISA) in any plan year beginning in 2020 through 2022.
- 2) Plans with a modified funded percentage of less than 40% with more retirees than active workers (less than 2:3 ratio) in any plan year from 2020 through 2022. Under the Act, modified funded percentage means “the percentage equal to a fraction the numerator of which is current value of plan assets and the denominator of which is current liabilities.”
- 3) Plans that became insolvent (under section 418E of the Internal Revenue Code of 1986) after December 16, 2014, and have remained insolvent but are not terminated.

My fund got authorization to make MPRA cuts and my monthly checks were reduced. Will I get retroactive reimbursement for the months it was reduced?

Yes, you will get your pension restored, and will get “back pay” for the cuts you suffered. That back payment can be either a lump sum or spaced out in monthly payments over a period of up to five years. This applies to the New York State Fund; Western Pennsylvania Fund; Mid-Jersey Trucking Fund and others.

My fund became insolvent and benefits were slashed. What will happen now?

If your plan is not terminated, you will get your benefits restored, as well as “back pay” to make up any cuts in benefits. This applies to the NY Local 707 Fund.

What is the estimated timeline for a pension fund to apply and receive funds, and to restore pension cuts made in some funds?

The PBGC has 120 days (until July 11) to establish guidelines and protocols, and we expect pension funds to apply after that time. The application will be detailed, with an actuarial calculation of the money needed

Because many funds will apply, and the PBGC has limited staffing, the process could take over a year before funds are issued and before any pension cuts are restored. Priority will be given to those funds that are near to insolvency, those that have cut benefits, and that are especially large.

My fund is in “critical and declining” status but no MPRA cuts were made. Will the Fund be eligible to apply for funds?

Yes. Your fund will be eligible to apply for funds to protect your benefits 30 years or more into the future. We expect all eligible pension plans to apply for funds, including Central States, New England, and others.

How will the law affect surviving spouses who are collecting a 50% benefit?

The law protects surviving spouses exactly the same as retired Teamsters.

The YRC companies have been making 25% contributions since 2009. I’m getting ¼ credit per year. Will the Butch Lewis Act cover those contribution shortfalls?

No. The reduced accruals of YRC Teamsters were contractually negotiated and agreed to. However, at-risk YRC pensions (whether earned at full or reduced contribution rates) are now protected in the affected funds.

The Butch Lewis Act is good through 2051. Is there a long-term fix beyond that, and what is it?

The Butch Lewis Act is not a permanent guarantee, but will provide sufficient funds for pension funds to be on solid ground for decades to come. The funds must be properly managed and the union must organize more companies into the funds. For the long term, organizing is key.

My Fund is not in “critical and declining status.” What happens if it gets there next year, or in future years?

If a pension fund gets into “critical and declining” status by 2022, it will be eligible. After that, it would not be eligible.

Will the reported \$85 billion in this law be enough to protect pensions for the next 30 years. What if it is not enough funding?

The \$85 billion figure is an estimate by the Congressional Budget Office, and it is not a limit. If less than that is needed, then less will be spent. If more than that is needed, it will be covered.

What happens if there are changes in Congress? Can they change the law or reverse the funding?

Congress enacted the law, and a future Congress could amend or even repeal the law. In the near term, that is highly unlikely. Once the Treasury Department issues payments to the various pension funds, it would be nearly inconceivable that they would be taken back.

These FAQs were developed in conjunction with the Pension Rights Center. Many thanks to the Pension Rights Center for all their hard work on winning passage of pension protection, and for their expertise on the law and retirees’ rights. www.pensionrights.org