



# Fight for Freight in '08

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## What would UPS and ABF's plans to split up our pension funds mean for our benefits and our union?

UPS management has put a proposal on the table in bargaining to pull UPS Teamsters out of the Central States Pension Fund, the plan which covers 42,000 full-timers in 25 states. This proposal is dangerous for all Teamsters no matter what pension plan you're in. If UPS succeeds in breaking out of the Central States, it is only a matter of time before they try to do the same in other funds.

Unfortunately, the Hoffa administration is seriously considering going along with management's plan. ABF CEO Bob Davidson, seeing an opportunity, has publicly stated that he will seek to break out of all pension plans in the NMFA bargaining. What does this all mean for freight Teamsters?

### **Q: What is management's proposal?**

**A:** Management proposes to pull out of the Central States Plan. By law, UPS would be required to pay the "withdrawal liability," which would be about \$4 billion, to the fund. Then UPS would abandon the Central States Pension Plan, and would establish a UPS Pension Plan, with management officials and Hoffa administration Teamster officials as trustees.

If management's proposal is accepted by the union, a Teamster vested in the Central States Plan could in the future draw two separate checks, which would add together to make up a pension. Central States would not give up funds that have been contributed over the years. They would stay there and provide a partial pension, while the UPS Plan would pay the rest of the pension.

### **Q: Why would UPS pay \$4 billion to break out of Central States? What's in it for the the company?**

**A:** Under the law, management would have to pay \$4 billion to Central States to withdraw from the fund. Management looks at the long run, and their proposal will save the company money because they will pay lower benefit contributions over time. Management's main goal is to divide and weaken our union. That's why UPS management has repeatedly tried to split our pension. Other Teamster employers have tried it too. PepsiCo, which owns PepsiCola and Frito-Lay, has managed to pull out of Teamster pension plans in some areas. In each case, they later moved to bust the union.

Many Teamster leaders are against UPS's proposal because they know if UPS succeeds in breaking out of the Central States, they will try to do the same in other funds—and other employers will follow suit.

### **Q: What would this mean for freight Teamsters?**

**A:** It could be devastating. First, the loss of 42,000 members from the Central States Fund would be huge. UPS contributes \$500 million per year, 42% of Central States employer contributions. It would also mean the loss of a younger

and growing sector of the Fund.

It would open the door to others. If UPS can leave, other companies will line up. ABF management has stated they want to pull out of all Teamster plans, and have only a company plan. They are ready to pay the estimated \$650 million withdrawal liability it would cost them to kiss our union pension plans goodbye.

If the stronger companies—the ones who can afford the pay the liability—are allowed to pull out, the fund will be left with the weaker companies.

## **Q. Can the union stop UPS or ABF from splitting our Pension Funds?**

**A:** You bet. This is a mandatory subject of bargaining. If the union says No at the bargaining table, the company cannot pull out.

Jimmy Hoffa Sr. built up our pension funds. Ron Carey struck UPS to protect them, and improve benefits, when UPS made the same demand ten years ago. Let's not let anyone give our pension plans away.

## **Q. Some Teamster officials say that if UPS pays \$4 billion in withdrawal liability, then that will take care of the Central States Fund. Is that true?**

**A:** No, it's not true. The unfunded liability of Central States is about \$14 billion, not \$4 billion. So it would not be anywhere near enough to make it fully funded. Furthermore, the younger and growing sector would be pulled out. That's why management is hot to do it! The multi-employer Teamster pension plans are one of our best organizing tools and a critical link in Teamster power. We cannot allow them to be busted.

## **Q. What impact will the UPS Freight negotiations have on this picture?**

That remains to be seen. Right now the Teamster leadership is bargaining with UPS's Freight division for just the Indianapolis terminal, but they say this agreement will be the pattern for all 15,000 UPS Freight Teamsters.

UPS Freight (formerly Overnite) is our chief nonunion rival in the freight industry. Winning a model contract there would boost Teamster organizing efforts, strengthen our bargaining leverage in the upcoming NMFA negotiations, and strengthen our benefit funds.

To achieve those goals, we need 1) to include UPS Freight Teamsters in Teamster pension plans to give them the best benefits and to strengthen our funds for the future and 2) to insist on NMFA standards in all aspects of the agreement.

Instead, the Hoffa administration is considering making massive concessions to UPS Freight management in exchange for the right to organize the company nationally. Under the deal, UPS Freight Teamsters would be kept out of our traditional Teamster pension plans and be covered by a contract that is substandard to the NMFA.

A substandard deal at UPS Freight would undermine the NMFA and weaken our benefit funds.

## **Q: What Else Can Be Done to Strengthen Our Pension Funds?**

**A:** Our benefit funds are on the rebound. The UPS, UPS Freight and NMFA talks are our opportunity to win strong, secure benefits for the future.

The Central States Fund is currently under-funded (it's 63 percent funded), but that situation is rapidly improving. Last year the Fund assets jumped up to nearly \$21 billion, and the fund continues to grow this year. This is because money negotiated for health and welfare has been diverted to the pension fund for three straight years, pouring hundreds of millions extra into the fund each year. Also the stock market has done well in recent years. The Western Fund is set to restore the multiplier up to 2.2 percent. It is already over 100 percent funded, and that action is long overdue.

Instead of looking at UPS management's pension proposal, Teamster leaders should focus on the union proposal. We need to bargain to get UPS part-timers into the Central States Fund, as they already are in the Western Fund, New England, and Upstate New York. We need to bargain UPS Freight into our pension funds. And we need to win record benefit fund contributions in the UPS, UPS Freight and NMFA negotiations. We can restore reasonable-cost retiree health coverage for Central States and other areas and win a written timeline from Central States for pension improvements.

These are achievable demands that Teamsters can unite behind.