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Central States Pension Update

Teamsters for a Democratic ■ www.tdu.org ■ (313) 842-2600

Central States Assets Are Up And So Are Pension Benefits

Higher employer contributions mean bigger pensions as of August 1.

National contract talks are our chance to win benefit improvements.

Experts warn a withdrawal by UPS would threaten benefits and weaken our union.

Our pensions are going up thanks to rising contributions to Central States.

A Teamster under the national contracts, or contracts with similar pension contributions, now accrues $132 per month pension for each year of service.

And in four years, that accrual will be at least $174 per month pension for each year of service—and going up each year after that.

In four years, Central States will pay $5,220 a month for a new Teamster who puts in 30 years of service.

UPS's first pension offer was just $3,000 a month for 30 years of service.

The highest amounts from Central States are currently only payable in full at age 62, because of the 2004 cuts in 30-and-out benefits.

For each year under age 62 that a Teamster retires, that amount is cut by six percent. For example, if you retire at age 58, you have to cut that amount by 24 percent.

So if you retire at 58 this year, you would lose 24 percent of that $132 and get $100 for this year. But in four years, you can retire at 58 and accrue about $132, which is 24 percent off of $174.

With fund assets on the rise. now is the time to win benefit improvements.

We should not settle the UPS or freight contracts without the immediate restoration of affordable healthcare and a roadmap for eliminating the six percent early retirement penalty in Central States.

"By standing strong in contract talks at UPS and in freight, we can win back our right to early retirement.

"The next contract can immediately restore retiree healthcare and give members a written timetable for eliminating the six percent penalty for retiring before age 62.

Todd Hartsell, Local 90
UPS, Des Moines

Central States Accrual Rate as of Aug. 1, 2007	Central States Accrual Rate as of Aug. 1, 2011*
Age 62 — $132/month	Age 62 — $174/month
Age 61 — $124/month	Age 61 — $164/month
Age 60 — $117month	Age 60 — $154month
Age 59 — $110/month	Age 59 — $145/month
Age 58 — $100/month	Age 58 — $134/month

* The accrual rate is the amount earned toward your monthly pension benefit per year of service. The figures for 2011 are the <u>MINIMUM</u> amounts possible under Central States rules. The actual figures will be higher if we negotiate larger pension contributions and/or eliminate the 6 percent early retirement penalty.

New Contracts Can–And Must–Deliver Benefit Improvements

Central States Assets Top $21 Billion

The assets of the Central States Pension Fund jumped $700 million in the first six months of this year, reaching $21.4 billion, according to the fund's latest Financial and Analytical Report, obtained by Teamsters for a Democratic Union. Fund assets could reach $22 billion by the end of 2007.

Now is the time to restore affordable retiree healthcare and get a timetable for improved pension benefits in the UPS and Freight contracts.

At the end of 2003 the Central States Fund was down to $15.3 billion in assets. Fund assets have grown by 40 percent in three-and-a-half years.

There is more money going into the fund, lots more. A few years ago the Central States took in $1 billion per year from employers. Now it takes in $1.5 billion and in four years it will reach $2 billion.

The ratio of active Teamsters to retirees has almost stabilized. There are 212,000 retirees and 146,000 active (full-time) Teamsters.

Employer contributions are up at an annual rate of about $172 million per year over last year. That explains some of the growth in assets; another big factor is the fund's healthy return on investments.

While the pension fund is still seriously underfunded, the situation is on the upswing.

New Contracts Can Deliver Benefit Improvements

Contract bargaining—first at UPS and then at freight—is our opportunity to win the benefit improvements we've been waiting for since the 2003 cuts.

First, we need to win record pension contributions.

Second, we need to demand benefit improvements as part of the UPS and NMFA negotiations, including:

- full restoration of retiree healthcare
- a written timetable for restoring and improving pension benefits, including eliminating the six percent penalty for retiring before age 62.

"Our union faces a choice. Bargain hard and win benefit improvements. Or let UPS and other companies destroy Central States and weaken our union."

Al Wilkins, Local 480
Roadway, Nashville

Experts Warn UPS Withdrawal Would Weaken Union Power

"How can Hoffa even consider a UPS pullout from Central States. Why aren't local officers raising hell over the issue?"

Wes Epperson
Local 41, UPS

Industry experts say that pension assets are up, but our union's power will be down if UPS is allowed to break out of Central States.

Industry experts report in this month's *Traffic World* that the assets of the Central States Pension Plan are on the rise. They warn that the Teamsters Union will lose long-term power in dealing with employers if we let UPS split from the fund.

Traffic World is a leading industry publication read by shippers and investors. Its latest report on UPS negotiations concludes that:

"It is the Teamsters' pension—and particularly the multiemployer plan—that gives the union much of its draw and power…Wages at nonunion competitors are comparable. It's the promise of long-term security that will get and keep union members." (*Traffic World*, 8/17/2007)

What does this mean for organizing the nonunion competition, particularly in freight?

Industry observers say that a withdrawal by UPS from Central States would undermine our union's power and appeal to nonunion workers—and pension analysts agree.

"It would take away from the union's voice—the workers' voice," said pension fund advisor Michael Cagnina.