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EXECUTIVE DIRECTOR
THOMAS C. NYHAN

September 23, 2015

Mr. James P. Hoffa
General President
International Brotherhood of Teamsters
25 Louisiana Avenue, NW
Washington, DC 20001

Dear Mr. Hoffa:

As you are aware, in 2010, the Central States Pension Fund proposed and strongly supported what became the Casey-Pomeroy legislation that would have addressed the financial crisis facing all of the multiemployer pension funds across the United States, including ours. If passed, that legislation would have allowed multiemployer pension funds to avert the dire—and growing—financial disaster that is looming without the need to reduce the pension benefits of our participants.

But, as I know you are aware, notwithstanding the support and effort of you and many others, that bill did not pass, even in a much friendlier Congress that was more amenable to helping hardworking union families. We were told in no uncertain terms “no more bailouts.”

After Casey-Pomeroy failed, we were faced with a stark reality:

- Since trucking industry deregulation became a reality in the US, over 10,000 Teamster employers have gone out of business, including some giants of the industry. Far too many of these employers left the scene without fulfilling the pension obligation to their employees. This socked the Central States Pension Fund with hundreds of millions of dollars in unpaid pension obligations that became uncollectable, despite rigorous efforts to enforce withdrawal liability.
- Additionally, union membership has been steadily declining. In 1980, there were four Teamsters working, with employers making pension fund contributions on their behalf, for every retiree. That is now reversed. Now, there is one Teamster working to support four retirees.
- Currently, the Fund pays out \$3.46 for every \$1 taken in. So, that means we are annually paying out \$2 BILLION more in retiree benefits than we are taking in through employer contributions.
- Without a rescue plan, the Pension Fund will run out of money over the next ten years and our retirees will face the prospect of having their pension benefit reduced to essentially zero.

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That math didn't work in 2010, and the situation has only grown more grave. As fiduciaries, we cannot stand by and allow the reserves of Central States Pension Fund to be completely depleted without taking strong action, no matter how politically unpopular.

Your proposed solution is to support the legislation proposed by Senator Bernie Sanders and Congresswoman Marcy Kaptur—The "Keep our Pension Promises Act" (KOPPA). That is indeed praiseworthy legislation. We too hope it passes. If it does, we will be the first in line to roll back any pension benefit cuts implemented through MPRA. Nobody at Central States wants to reduce benefits; so, on that issue we are in full agreement.

But we must disagree that KOPPA is a realistic option at this time. As you look at both the current composition of Congress and the political climate, it is impossible to see a scenario where a House dominated by fiscal conservatives would appropriate taxpayer dollars to support bailout legislation. Realistically, this legislation would not come close to passing in either house.

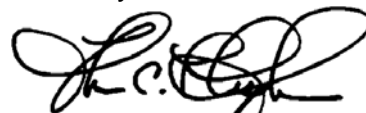
And time is quickly running out for the Pension Fund. If we invest time in pushing KOPPA without submitting a rescue plan, as our losses continue to grow, then a year from now, after the bill fails, the Pension Plan will have reached the point where it can no longer be saved---and our participants will suffer devastating losses.

The bottom-line is we can't afford to engage in a game of "chicken" when it comes to the hard-earned benefits of our over 400,000 Central States participants. We must move forward now so that there are benefits left to pay, even if at a reduced level.

I know that you asked for some data and information. That will all be part of our comprehensive rescue plan filing to the US Department of Treasury and will be available for everyone to see online at the Treasury website before the end of October.

The numbers and facts that will be part of our filing will speak for themselves and strongly make the case that our Trustees are doing the responsible and correct thing, albeit unpopular, in pursuing a rescue plan that will save the Central States Pension Fund and allow us to pay benefits to our participants now and in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "T.C. Nyhan", written in a cursive style.

Thomas C. Nyhan
Executive Director

cc: Board of Trustees