



On The Move

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Discussions to Start Soon on Pension Reform

During the life of the current 2014-2016 labor agreement, the Union has the right “to enter into discussions over Article VII [Pensions] of the CTD Agreement [STD and FTD as well] regarding the pension plans(s) covering employees represented by Local 234.” The Union has every intention of exercising this right, sooner rather than later. In order to win real Pension Reform that addresses the inequities in the present system, a lot of work needs to be done, both politically and at the bargaining table with SEPTA. As a result, Notice will soon be sent to the Authority that the Union had decided to enter into discussions over the pension as provided for in the contract.

In the meantime, the Local is putting together a Report to the membership to explain the various proposals involved and the real meaning of Pension Reform. Some of the financial and legal issues that come up in connection with Pension Reform are easy to understand, while others are more complicated and require some explanation from the Union. Hopefully, the Pension Reform Report will make all this clear and help prepare the membership for one of the most important contract battles ever waged by Local 234. If successful, we will protect our pensions for years to come and provide monthly pension benefits that can support a decent standard of living for our retired members and their families. Of course, if an agreement is reached on Pension Reform it must be ratified. So when the Pension Report comes out, make sure you ask any questions you may have on the subject.

Opt-Out Window Still Open For 2015

Don't worry, everything has been taken care of for medical benefit opt-outs. Many Local 234 members who for years opted-out of coverage under SEPTA's medical plan got messed up as a result of the new procedures used to qualify for the opt-out payment, first introduced in 2013. Under Section 803(g) of the labor agreement, employees can opt-out of medical coverage if they can demonstrate that they have alternative coverage under another plan, usually the medical benefit plan of their spouse. Coverage obtained through the Affordable Care Act is not considered an “alternative plan” under the law. That's why opt-outs have to apply each year they elect to opt-out.

Initially, SEPTA refused to approve opt-out applications if the required form was not submitted by December 1, 2014. For a variety of reasons, some members missed the deadline, while others didn't even realize an opt-out application had to be submitted each year in order to qualify. On Friday, January 9, 2015, the Union and the Authority discussed the matter and the resulting confusion.

The Union convinced the Authority that it would be in everyone's best interests to extend the opt-out window and give notice to those who opted-out in the past, but didn't get their forms in on time for 2015. As a result, notices are being sent by SEPTA to everyone who previously opted out, to give them another chance to file their paperwork. In the future, anyone interested in opting out must do so in a timely fashion. Reminders will go out next fall to make sure there is no confusion about the opt-out deadline next time around.

TWU Leaders Meet with Top Pension Expert

Local 234 President Willie Brown and the Union's general counsel met last week with the recently retired head of the Pension Benefit Guarantee Corporation (PBGC), Joshua Gotbaum. In his current position, Gotbaum is writing on and researching ways that workers can best secure their retirement benefits. The PBGC is a federal agency that protects the retirement benefits of millions of workers and retirees. The PBGC does not cover public sector plans like SEPTA's, but Gotbaum is an expert on pension plans and pension funding. In addition, he is sympathetic to the plight of workers whose retirement benefits are under attack all across the country.

Prior to the meeting, the Local provided Gotbaum with all relevant SEPTA pension plan documents, along with a summary of the pension benefits received by Local 234 members in comparison to SEPTA managers and the share of earnings each contributes to their now separate pension funds. After reviewing SEPTA's plans and comparing SEPTA's funding to similar public entities around the nation, Gotbaum stated that SEPTA could and should do better.

Gotbaum also stated that the expiration of the 2016 contract, just days before a presidential election, was an ideal time for the Union to fight for pension equality and he emphasized the importance of getting the Local's message out to the public, even though many envy the wages, pensions, and other benefits SEPTA employees enjoy. Still, Gotbaum thought that by emphasizing income and **pension inequality**, Local 234 could win a lot of public support for Pension Reform.

As for the SEPTA/TWU pension fund, Gotbaum agreed that the plan is underfunded, in part because, unlike private sector plans covered by ERISA, there are no federal laws requiring public employers to make minimal annual contributions to their funds or to achieve "fully funded" status at any particular point in time. That's one reason why Pension Reform must include a proposal for a fully-funded pension over a reasonable period of time. At the conclusion of the meeting, Gotbaum agreed that if called upon he will provide the Local with his expert assistance in the future.

"SEPTA is one of the Best Union Jobs Around"

At the conclusion of a recent arbitration hearing, in which the Union won a Local 234 member's reinstatement with back pay, the Arbitrator asked the Union to make sure the grievant realized that working in a union job at SEPTA is one of the best jobs in the Philadelphia region, because he didn't want to see the grievant back in arbitration facing a discharge in the future.

The arbitrator in the case has years of experience and hears cases for the Fraternal Order of Police, the Firefighters, the City of Philadelphia, along with many other private and public sector employers and unions. In other words, this arbitrator is familiar with the labor agreements covering many thousands of workers in the Philadelphia area, and based on his knowledge, he candidly stated that the Local 234 contract provides wages, pensions and other benefits that are unmatched by any other public or private sector employer.

This is something every Local 234 member should think about, because sometimes we place too much focus on what we don't have, instead of all of the important rights, privileges and benefits we have under our agreement with SEPTA.

TWU LOCAL 234, WE MUST AND WE WILL