



# On The Move

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## Our Pension Fund Beats Other Public Plans

The funding of our pension plan is key to securing retirement benefits for the future. If the funding isn't there, the Plan could get into financial trouble, as we see happening with many other public pension plans. The two primary funding sources for any defined benefit pension are contributions, both employer and employee, and returns on investments. The TWU/SEPTA Pension Fund is presenting positive news on the investment front.

An article in the Philadelphia Inquirer on May 8, 2016, discussing the funding problems for public employee pensions, disclosed the investment returns generated by five major public employee plans in the area and, as it turns out, the TWU/SEPTA plan generated greater investment returns than any other public sector plan.

	<b>Investment Returns for 2015</b>	<b>Investment Returns for 2013-2015</b>
Montgomery County	.3%	7.70%
City workers	-3.06%	5.16%
N.J. State workers	.6%	7.29%
Pa. State workers	.5%	6.40%
Pa. School workers	-1.79%	8.83%
<b>SEPTA/TWU workers</b>	<b>2.44%</b>	<b>10.25%</b>

These investment returns bolster the Local's fight for pension reform in negotiations.

## How Pension Formula Works and How to Fix it

It is important to understand the current pension formula in order to address the central issue in the fight for pension reform. The pension formula is used to calculate your monthly pension benefits. The formula has three components: (1) years of service; (2) your earnings in the best three of the last six years, capped at \$50,000; and, (3) the pension multiplier (2% if you have 30 years). Our monthly pension benefits are determined by multiplying these three components and dividing the result by 12. For example, if you have 30 years and average earnings of \$63,000, the pension calculation is  $[30 \text{ years} \times \$50,000 \times .02] = \$30,000/12 = \$2,500$  per month.

There are two basic problems with the pension formula. First, if you earn \$63,000 a year based on a forty-hour week, you contribute 3.5% on the entire amount, but can only use \$50,000 in earnings when calculating your monthly pension benefit. This makes no sense. If your earnings are capped, the amount you contribute to the pension should also be capped. If \$50,000 is the cap, then your 3.5% contribution should stop once you reach \$50,000, or whatever the cap may be after the negotiations.

Second, the Local negotiated the \$50,000 cap in 2001. The cap has stayed the same for 15 years, although in 2005 and in 2009, the Union negotiated a higher multiplier to increase monthly pension benefits. Under the 2014 contract, retirees got a lump-sum bonus. Still, the cap is outdated and must be replaced. Our goal is to *link the cap*, so that it *increases as wages increase*, to the earnings of those in our highest rated job classification---the Technician's rate of \$33.85/hour, or about \$70,000 a year. Using the technician's rate as the new cap, the pension benefit for a 30 year employee *earning the cap* would be  $[30 \times \$70,000 \times .02] = 42,000/12 = \$3,500$  a month. If you earned \$60,000, your pension would be  $[30 \times \$60,000 \times .02] = \$36,000/12 = \$3,000$  a month.

As you can see, fixing the cap is the central issue in the fight for pension reform.

## **GPS Tracks Location & Movement of Vehicles**

Don't take that short-cut to avoid heavy traffic. SEPTA's new GPS tracking system may start following you. Don't go one-mile over the speed limit to get to your job on time. SEPTA's new GPS system may start following you. Walk, don't drive to the nearest restroom, if you need to go when there are no restrooms at the work site, because, if you drive, SEPTA's new tracking system may accuse you of being "off the job."

This is the "New Age" at SEPTA. Supervision from the sky---using computer driven GPS tracking devices to "manage" the workforce. If things go as planned, SEPTA will soon be getting rid of the excessive number of supervisors in the Buildings, Track and Facilities Departments. This may be the only good thing that happens as a result of the new GPS system.

The new system is being installed in all non-revenue service vehicles. The system has many capabilities. It can track the location and speed of a vehicle all over the City and beyond. It can track and time every stop a vehicle makes to or from a work location. The system can also be programmed to set off alarms when a vehicle enters a designated "no-go zone," like a WAWA or a McDonald's. The new GPS system can also store tracking data for up to 180 days.

While SEPTA can install this new technology, as it did on its revenue service fleet, the system cannot be used to create *new disciplinary rules* without first negotiating with the Union. However, SEPTA will undoubtedly try to use the system to enforce *existing* rules. If SEPTA uses the GPS system for disciplinary purposes, the Union will use every means at its disposal to discredit GPS evidence introduced in the grievance procedure or in arbitration, as we have successfully been doing with SEPTA's video recordings. Even though SEPTA intends to use the GPS system against us, new technology can be flipped and lead to unintended consequences.

The Local will also raise the issue in contract negotiations, seeking limits on SEPTA's use of the GPS system and the on-board video recording equipment. We will try to stop SEPTA from conducting *surveillance* of TWU members. Surveillance is not only unwarranted and unnecessary, it's very costly to do. The money wasted on live GPS and video *monitors* can be better spent on contract improvements for TWU members.

# **WE MUST AND WE WILL**