



# On The Move

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## MEMBERS EYE MULTIPLE PENSION REFORMS

We recently discussed the central issue in the fight for pension reform, fixing the pension formula by linking the earnings cap used to calculate monthly benefits to the Technician's rate of pay. In addition, we said that the 3.5% contribution must stop when you reach the new cap. The contract survey, returned by thousands of members, showed support for other pension reforms, including the Lump-Sum Payment *option*. What is the Lump Sum option and how does it work?

**Lump Sum Payment:** The Lump-Sum Payment option is an alternative to the receipt of monthly pension payments for as long as you or your spouse lives (if you pay for the spousal benefit). The amount of the lump-sum payment depends on your years of service, earnings, life expectancy and the *actuarial* rate of return you could expect to receive by *investing* your retirement money. The lump sum payment could be hundreds of thousands of dollars.

There are advantages and disadvantages to the lump-sum option. One advantage is that you can take your entire pension benefit when you leave SEPTA and do whatever you want with the money. You can spend it. You can invest it. You can pass it on to your spouse, children, aunt, uncle, friends or neighbors, if that's what you want to do. If you elect the lump sum and die shortly after you retire, your beneficiaries would get a lot more money out of the plan than if you took the monthly pension benefit.

The down side is that your retirement income is not *guaranteed for life*, as it would be if you took the monthly payment. Moreover, you have to invest your retirement money and get a rate of return in excess of 7% per year in order to *match the amount you would have received if you elected to take monthly pension payments*. There are other pitfalls as well.

If you invest in the market, which is one of the few places you can get a 7% return, *you run the risk* of losing, not making money. For example, in 2006 a Verizon employee retired with a lump sum in excess of \$300,000. He invested the money in stocks and bonds. However, when the market crashed in 2008, his \$300,000 retirement fund shrank to \$145,000, a big hit from which he never recovered. With the monthly benefit, the *risk of market downturns* stays with SEPTA.

If the Local is able to negotiate a Lump-Sum option, members reaching retirement age will have a lot to think about.

## Tragic death, but no spousal pension until age 65

In the last year, a member at Wyoming Shop with 32 years on the job, Kenneth Webb, suffered a fatal heart attack while playing hockey with his co-workers. Webb was survived by his 52 year old wife. Webb had the years to retire, but at the age of 53 it wasn't time to make the

move. Our pension has a spousal benefit, but there is a hitch. Upon retirement, you can provide a pension benefit to your spouse equal to 50%, 75% or 100% of a reduced benefit, based on the age and life expectancy of you and your spouse. If you elect 50% coverage, your pension is reduced accordingly. If you elect the 100% option, the reduction is greater. This is okay if you retire before you die. However, if, like Brother Webb, you pass away while working, your spouse could be in a world of financial trouble, since she can't collect the pension until age 65.

Brother Webb's spouse has to wait 13 years to collect the spousal benefit, leaving her with nothing more than social security death benefits. This is a problem that must be fixed in contract negotiations. If a member is *eligible to retire* at the time of death, their spouse should get the spousal benefit immediately. In other words, Ms. Webb should have been able to collect the spousal benefit when Kenneth passed away, rather than wait until age 65. If successful, the Local will dedicate this new rule to Brother Webb and have it be known as the "Webb Rule."

## **NO CAMERAS, NO CONVICTION...SUSPECT WALKS WITHOUT A POSITIVE ID**

The police charged a suspect in the assault of a SEPTA operator. The DA's office pursued the case to trial. Finally, it appeared that justice would be done and a message sent to the general public to leave your hands off SEPTA bus, trolley and train operators. Unfortunately, things didn't work out as the prosecution planned. Here's what happened.

The assault took place on a crowded bus. Yet, only one passenger testified. While the witness described the physical assault against the driver by a male assailant, she didn't get a good look at the assailant's face and couldn't identify the defendant as the culprit. That left the testimony of the driver, who stated that the defendant was the assailant. At this point, things went south.

The defendant's attorneys got their hands on the operator's social media communications. The attorneys used his writings to call into question his credibility as a witness. We don't need to spell out the nature of his communications. Suffice it to say that the defense strategy worked. The defendant denied being the assailant and the operator who identified him got discredited in open court. The judge dismissed the case and the defendant walked out of the courtroom a free bird on the assault charge. One lesson from this case is clear, beware what you write or post on social media. Your words and thoughts can come back to haunt you in the most unexpected ways.

Here's another lesson. At the time of the assault, there were *no video cameras* on the bus. If the prosecution had video evidence of the assault, the outcome of the trial would have been much different. This is just not another example of how video is both friend and foe. It can be used as evidence of wrongdoing by an operator, but it can also be used in the operator's favor. Video can help ID and prove the guilt of an assailant. Video can also prove an operator innocent of disciplinary charges SEPTA brings against them. We need to work every angle and fight smart.

## **WE MUST AND WE WILL**