Pension Rights Center Response to Central States Teamsters Pension Fund Letter

On September 22, James P. Hoffa, General President of the International Brotherhood of Teamsters (IBT), wrote to Thomas Nyhan, Executive Director of the Central States Teamsters Pension Fund, to ask that the Fund’s trustees not propose “draconian benefit cuts that will impose significant hardships” on the Fund’s participants. Such cuts were authorized by the Multiemployer Pension Reform Act of 2014 (MPRA), which was enacted by Congress last December without hearings or debate. President Hoffa asked Tom Nyhan and the trustees to join with him and the Teamsters Union in supporting passage of the Keep Our Pension Promises Act of 2015 (KOPPA), which would preserve the Fund without cuts.

In a September 23 letter, Nyhan replied that, although KOPPA is “praiseworthy legislation,” it is not “a realistic option at this time” because of “the current composition of Congress and the political climate.” He stated that, five years ago, legislation supported by the Fund failed in a “much friendlier Congress.”

Below is a response to Nyhan’s letter from Karen Friedman, executive vice president and policy director of the Pension Rights Center:

“Nyhan fails to note a significant difference between the 2010 legislation and KOPPA. The 2010 proposal, usually referred to as the Casey-Pomeroy legislation, called for a bailout of the Central States Fund to be paid for by a large infusion of general tax revenue into the federal pension insurance program, the Pension Benefit Guaranty Corporation (PBGC).

“In contrast, the Keep Our Pension Promises Act calls for narrowly targeted relief aimed at a specific problem faced by Central States and many other underfunded multiemployer plans: the cost of paying benefits to retirees whose former employers are no longer paying into the plan. Nyhan has testified that the Central States Fund pays 50 cents of every pension dollar to these ‘orphans.’

“KOPPA would allow the PBGC to provide limited financial assistance to Central States and other troubled plans on a year-by-year basis to help them pay the benefits of their orphans. The money for this assistance would come from modification of two tax shelters that only benefit extremely wealthy investors and estates. Both Republicans and Democrats have supported the modification of these tax breaks.

“Thanks to the efforts of Central States retirees around the country, members of Congress in both parties are becoming aware of how MPRA’s benefit cut provisions could devastate the retirement security of hundreds of thousands of other older Americans. The power of the IBT and its retirees and workers, united with other unions and organizations in strong support of KOPPA, can persuade legislators to support this common-sense, workable alternative to benefit cuts. Congress cannot and will not allow the American Dream to become an American Nightmare for so many of their constituents.”

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