

## **NEW ENGLAND TEAMSTERS AND TRUCKING INDUSTRY PENSION FUND**

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## **RESPONSE TO A RECENT BOSTON GLOBE ARTICLE**

Dear Pension Fund Participant:

On January 26, 2018 the Boston Globe published an article describing the condition of multiemployers pension funds in the United States. There are approximately 1,400 multiemployer pension funds in the United States. They cover many different industries including, construction, transportation, health care, public sector and private sector.

Without doubt, many of the multiemployer pension plans are in difficult financial condition. Every multiemployer plan suffered from the severe economic losses caused by the Great Depression of 2009. Some also experienced the loss of employers and a decrease of contribution hours.

The New England Teamsters Pension Fund was created in 1958 and has paid all of the monthly pensions earned by our members for almost 60 years. Nonetheless, the Pension Fund has been certified by our actuaries as "critical and declining" for the plan year beginning on October 1, 2017. However, as you see in the Annual Funding Notice, the value of plan assets has actually increased during the last few years. Strong performance in the investment markets has been beneficial.

While the New England Teamsters Pension Fund also suffered economic losses in 2009 during the past eight years it has been attracting new employers, increasing the number of hours being contributed to the Plan and increasing the size of its assets. All of these positive events occurred for one major reason. In 2010, the Board of Trustees of the New England Teamsters Pension Fund, petitioned and was given approval by the Pension Benefit Guaranty Corporation (PBGC) to create a new liability pool. This liability pool effectively makes certain that an employer in the pool will never incur any withdrawal liability. Just a year later, the Board of Trustees, again with PBGC approval, adopted plan amendments that permitted employers in the older liability pool to transition into the new liability pool, pay off their withdrawal liability and continue to contribute on behalf of their employees at usually a lower contribution rate as their employees continue to accrue benefits at either the same pension accrual or a slightly lower pension accrual. The combination of these amendments has resulted in 50 employers new to the Fund and 85 employers that have transitioned into the new liability pool. As a result, the Fund is now collecting \$70 million annually in withdrawal liability payments it would have not received

and \$8 million in annual contributions from new employers. Clearly, these changes have improved the Fund's finances. For all of these reasons, the New England Pension Fund is expanding its active membership, unlike many multiemployer pension funds throughout the country.

There is no question that union multi-employer pension funds are being attacked by many forces preaching the virtue of 401(k) plans. The problem is that a 401(k) account is not a traditional pension plan — it is a savings account that shifts the risk of market volatility to the employees. Participants in 401(k) programs will often delay retirement and drawing down on their account balance until later in life in an attempt to stretch their retirement payments to try — usually unsuccessfully — to make their money last for their lifetimes. And annual contributions never seem to be enough to create a stable and substantial retirement. Meanwhile, a key feature of your Pension Fund is a monthly payment to you and, if you elect, your spouse for the rest of your lives.

Without doubt, the answer to every multi-employer pension fund's problems is legislation that provides financial assistance to the funds. Right now, there are several forms of legislation being discussed in Congress. Your Pension Fund has chosen to support the legislation that would allow it to become and remain solvent for the foreseeable future. At the appropriate time the Board of Trustees will call upon each of you to let Congress know how you feel about making certain your pensions will be secure during your retirement years.

In the meantime, be assured that your Board of Trustees will do everything within its power to keep the promise first made to you when you became a Teamster — that you will be able to retire with peace of mind that you will have a stable and reliable monthly pension payment.