

# Pension Update

## from *Local 804 Members United*

April 25,  
2008

Local 804 members will soon learn where our pension fund stands under the Pension Protection Act. Last month, the Local 804 fund was required by law to have an actuary certify the plan's status to tell the government if our fund is in the Green Zone, the Yellow Zone (Endangered) or the Red Zone (Critical Status).

Since at least March 31, the Executive Board has known what zone our plan is in. But as usual they are keeping members in the Twilight Zone. Fortunately, we should be getting some news soon. By law, the fund has to mail us a notice by April 30.

Based on the limited financial documents that have been made available, it is most likely that our fund is in the Yellow Zone. This would mean that our fund is less than 80 percent funded. To fall into the Red Zone, the fund would have to be less than 65 percent funded and also project a funding deficiency and/or inability to pay benefits over the next five to seven years.

All funds that are in the Yellow Zone must adopt a Funding Improvement Plan—an official plan to improve funding levels over the next ten years.

### What Does this Mean for Our Benefits?

When the company was demanding contract give-backs last year, management claimed that it would be illegal for our fund to increase benefits as long as it is in the Yellow Zone. But like a lot of what management said about our contract and pensions, this is not true.

Our pension fund can increase benefits even if it is in the Yellow Zone as long as the benefit improvements are paid for over and above the Funding Improvement Plan.

The good news is that the contract includes record contributions into our pension fund. By 2013, contributions to our fund will go up by more than 40 percent.

The record contributions are good news for the fund and should provide a strong foundation for a Funding Improvement Plan. But how will they will affect our benefits? Local 804 members have not been told and this information will not be in the upcoming funding notice either. It's time for our Executive Board to level with the membership.

Local 804 members used to have the best pensions in the country. But that's no longer true. Many UPS Teamsters now have superior pensions, especially for 30 and out. Most UPSers will see their pension accrual climb over the life of this contract. Our pension accrual is frozen at the 2002 level of \$144 a year.

### Straight Talk and Real Information

Local 804 members aren't looking for magic solutions or benefit increases that our fund can't afford. We all want our pension fund to be managed responsibly—something that apparently has not been happening in recent years.

What members do expect—and deserve—is straight talk and real information. We deserve an honest recounting of what happened to our pension plan and how it developed a \$388 million shortfall.

Most importantly, we deserve a thorough report on where the plan stands now, and what our union's plan is for strengthening our fund and improving our benefits as we move forward.

## Sign Up for Email Updates at [www.804MembersUnited.org](http://www.804MembersUnited.org)

*Local 804 Members United* believes in informing and uniting members to defend our contract and pensions. And we're doing it!

During last year's contract talks, our network kept members informed and mobilized a Vote No campaign. We're proud that members rejected UPS's first offer and won at least some improvements—including saving 25 & Out.

We won a second victory on April 20 when Local 804 Teamsters voted by more than 90 percent to pass bylaws changes that will require our Executive Board to give members more information about our contracts and our benefits.

Our local used to have the best contract and pension in



the Teamsters. It can be that way again. But we all need to do our part. We've learned the hard way that if we don't invest our time in holding our union officials accountable, then we will pay the price in weaker contracts and pensions.

That's where we stand. How about you? Let us know by visiting [www.804MembersUnited.org](http://www.804MembersUnited.org). Sign up for email updates. Click "Contact Us" to send us your comments or ideas. This is your union. Get involved. Have your say. Make a difference.