

Union Pensions at Risk



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EXECUTIVE SUMMARY

With union membership down to only 7 percent of private sector workers—or 12 percent of employed wage and salary employees—unions are striving to recruit new members. The advertised benefits of joining a union sound appealing: unions claim time and time again that their members are more likely to have health insurance, reliable benefit pension plans, and higher wages.

What unions do not tell prospective recruits is that there is a widespread pattern of poor performance among collectively-bargained defined benefit pension plans. These plans perform poorly when compared to plans sponsored unilaterally by single employers for non-union employees. Furthermore, pensions sponsored by unions that cover multiple employers (multiemployer plans) fare worse than pensions offered by a single employer under a collective bargaining agreement with a union. This disparity raises an important question: is the promise of a union-run pension plan a valuable one? To put it another way, do union pension plans have provisions to ensure that they are sufficiently funded to pay the generous retirement benefits that the plans promise and that unions advertise as part of the union benefits package? The short answer is no, many union plans are chronically underfunded.

Congress, with the support of some private firms, is considering bailing out the underfunded multiemployer pen-

sion plans, at a potential cost of \$165 billion to the taxpayer. Such legislation has been sponsored by Representatives Earl Pomeroy (D-ND) and Patrick Tiberi (R-OH) and Senator Robert Casey (D-PA). This would be a mistake. Such a bailout would add to the federal budget deficit, projected at \$1.5 trillion next fiscal year. It would reward a union pattern of negotiating for high up-front wages and benefits while neglecting the health of the pension funds.

This paper offers explanatory background information on pensions, including sources of information, reporting and disclosure requirements of Congress and the regulations of the U.S. Department of Labor, and data and analysis that illuminate the causes of underfunding. The study goes on to analyze the general health of pension plans in the United States. It documents five case histories that illustrate issues in pension funding. It also examines the role political interests may play in union membership and pension funding, and it analyzes the link between legislation now pending in Congress in 2010, the Employee Free Choice Act and the Create Jobs and Save Benefits Act of 2010, and underfunding of pensions. The paper presents evidence showing the disparity between union and non-union pension plans, and suggests that union members recognize their leaders' responsibility to close that gap and demand that they act to do so.

INTRODUCTION

Unions try to recruit new members by claiming that members are more likely to have health insurance, defined benefit pension plans, and higher wages. However, a financial analysis of several plans shows that collectively bargained pension plans perform poorly when compared to plans sponsored unilaterally by single employers for non-union employees.

Pensions are regular payments made to retired workers from money that they and their employers put aside during their working years (plus whatever those pooled assets have earned when invested). Pensions come in two broad categories: defined benefit plans, and defined contribution plans. A defined benefit pension promises a specified monthly stipend for a retiree's lifetime, calculated using the number of years worked and some measure of workers' earnings over that time. A defined contribution pension makes no such promise; it is, essentially, an investment account to which the employee contributes and to which employers often make contributions as well. Typically, employees can make some choices about how the money in their accounts is invested.

Data for 2007, the latest full year available from Labor Department forms, show that union-negotiated pension plans have fared consistently worse than their non-union counterparts. Among large plans—plans with 100 or more participants—39 percent of non-union plans were fully funded, compared to 18 percent of fully funded union plans. While a pension plan need not be fully funded at any given time to be stable, the Pension Protection Act of 2006 considers funds with less than 80 percent of their needed assets to be in “endangered” status. While 89 percent of non-union funds had 80 percent or more of funds needed to pay expected costs, only 64 percent of union funds met that funding threshold. Similarly, while only 2 percent of non-union plans had less than 65 percent of required assets, also called

“critical” status in the 2006 Pension Protection Act, 12 percent of union plans were in critical condition.

The problems with collectively bargained pension plans extended also to smaller plans. Of non-union plans, 66 percent were fully funded, compared to 29 percent of union plans. Both union and non-union small plans were about as likely as their larger counterparts to have funding ratios below 80 percent. Sixteen percent of the small union plans were in critical condition, nearly three times the ratio of small non-union plans.

Union leaders have contributed to this problem by demanding at the bargaining table pension plans that are more generous than can be afforded, often seeking pension increases in the face of consistent employer complaints about costs. While union leaders have many incentives to bargain for increased benefits, they have few incentives to ensure that these benefits can be readily paid. However, in a glaring contrast, the Labor Department data show that the pension plans that cover union officers and staff—a union's own employees—are more adequately funded than are the plans for the rank-and-file.

Our analysis covered 28 union staff and officer plans that relate to some of the largest 46 rank-and-file pension plans. It shows that many of these internal union plans are better funded than those for rank-and-file. On average, the rank-and-file pension plans had 80 percent of funds needed to cover their obligations. Eight of the pensions were fully funded, while twenty-one were less than 80 percent funded. This is in contrast with the officer plans, which were 96 percent funded on average.

Enter politics. Labor unions contributed more than \$130 million to the 2008 Senate, House and presidential election campaigns. While there is nothing wrong with unions seeking to influence elections, it is important to note where this

money came from and who decides how to spend it. Many unions, such as the Service Employees International Union, have been explicitly claiming that their memberships are financing their political agenda. Although the Supreme Court in 2010 upheld the right of unions and corporations to spend funds on elections, political spending, by law, is supposed to come from voluntary contributions, not the dues that members are required to pay. The Supreme Court's 1988 *Beck* decision gave union members the right to request back those portions of their dues spent on political activity. If unions divert dues money to political activity, union members may discover that their dues were earmarked to support candidates they oppose.

In this paper, five union pension funds are analyzed as examples of underfunded plans. The Glaziers pension plan administrators made poor investment choices, leading to losses. The International Brotherhood of Electrical Workers misleads rank and file members about the investment performance of its national retirement funds, and does not mention on its Web site the funding deficiencies of a large number of IBEW-affiliated pension funds. Three of SEIU's pension funds were in endangered status as of in 2008, and the 1199 SEIU Greater New York Pension Plan announced that it was in critical status in 2009.¹

Until the passage of the Pension Protection Act of 2006, it was difficult to ensure that contributions were adequate to cover liabilities. Enforcement under the Act has exposed more than 300 poorly funded plans, forcing them to take account of their insecure positions and to make efforts to rebuild since 2008.

What are the solutions? One way to solve the funding problem is to sign up new, young, union members who would pay into these funds for many years before retirement. That's one reason why many unions are supporting the

Employee Free Choice Act. It would take away the secret ballot in elections for union representation and let unions claim they have been chosen as the employees' bargaining agent on the basis of cards signed by employees and given to union organizers. It also would impose mandatory arbitration on unions and newly-unionized firms who cannot come to an agreement. All of this would be unfair to workers, who, while qualifying for their own pensions, might be paying into underfunded pension plans for decades in order to fix past administrators' mistakes.

Another way to solve the problem is for Congress to bail out the multiemployer pension funds. Legislation has been proposed by Representative Earl Pomeroy (D-ND) and Patrick Tiberi (R-OH) in the House of Representatives and Senator Robert Casey (D-PA) that would commit federal funds to bailing out these multiemployer pension funds at a potential cost of \$165 billion, as estimated by Moody's. But with federal budget deficits for fiscal year 2010 close to \$1.5 trillion, the federal government does not have resources to spare. Moreover, it would be unjust to burden the taxpayers with making good on excessive promises by unions and employers.

Rather, multiemployer pension plans have to be revised so that contributions are raised and benefits are lowered—just as needs to happen to other pensions in trouble, such as state government plans and Social Security.

The real problem is the opacity of union pension financing and the lack of accountability required of union leaders. Union members have few assurances that the trustees of their pension funds are truly acting in their best interest. The continued poor status of union-run pension plans suggests that union trustees are not adequately striving to ensure that rank-and-file members have the stable financial futures they have been promised.

What Are Pensions?

Pensions are payments made to retired workers from money that they and their employers put aside during their working years. (In the United States, the best-known pensions are the monthly Social Security benefits that the federal government pays. However, they are not funded in the way that employer pensions are.) As well as Social Security, some people have nongovernment pensions earned during their years of employment in the private sector; others have pensions earned working for state, local or federal government. In addition to these pensions, many Americans have retirement assets in the form of tax-favored savings accounts, such as Individual Retirement Accounts and 401(k) plans; some of the latter have contributions from past and present employers. In recent decades, there has been a steady decline in the number (and proportion) of private employers that offer pensions that promise a specific monthly retirement benefit.

All types of pensions can be considered deferred compensation—that is, a part of workers’ earnings not paid immediately. In an age when workers were expected to work at one company for most of their working lives, this was a useful tool to encourage company loyalty, that is to stay at the same job for many years, rather than switching employers. For workers, the promise of regular retirement income was attractive, and so some would work for one employer for decades, sometimes sticking with a job that they found disagreeable. Many pensions are not legally owed to a worker until he has worked at a company for several years, when the pension becomes “vested.”

Pensions come in two broad categories: defined benefit pensions and defined contribution plans. A defined benefit pension promises a specific monthly stipend for a retiree’s lifetime. This sum is often calculated by using the number of years worked and some measure of workers’ earnings over

that time. Workers may or may not contribute to the pension plans, but employers always contribute.

A defined contribution pension plan sets up an investment account for each worker. If it is a “contributory” plan, the worker contributes part of each paycheck—perhaps four or five percent—into the account. The employer may make so-called “matching” contributions, although the term is something of a misnomer because the employer’s payment is often less than the worker’s, perhaps one-third or one-half. The money in the defined contribution account, often known as a 401(k) account, is invested and generally, appreciates over time. How much retirement income the defined contribution account will generate depends on the amounts invested, how well the assets chosen perform and the years invested.

The sponsor of a defined benefit plan (usually an employer, but see below) is required to make payments to retirees at the rate specified by the terms of the pension plan. The 1974 Employee Retirement Income Security Act (henceforth referred to as ERISA) dictated that sponsors must prepare to meet these future obligations by funding them beforehand—contributing a certain amount of money per participant every year into a pooled investment account.

The sponsor is meant to invest this money wisely in order to accumulate enough funds to pay promised benefits when they come due. This approach requires companies to predict how much they will pay into the fund in the future. These calculations, especially the future value of present contributions, make managing a defined benefit plan complicated. A financial manager (usually an institution) is hired to make investment decisions so that the fund will grow enough to meet the sponsor’s future pension obligations to its employees.

Defined contribution plans create more predictable costs

for employers, who, in collective bargaining contracts, normally agree to make contributions of a certain size, or to match employee contributions to a certain extent.

Upon retirement, holders of defined contribution accounts can purchase “annuities”—contractual promises by financial institutions, often insurance companies, to pay a certain amount of money every month for the rest of the holders’ lives. Or retirees can simply withdraw and spend the money at their own pace. If they buy an annuity, they effectively transform their defined contribution plans into defined benefit plans.

Some people prefer defined benefit plans because an employer is usually liable for the specific promised future benefits. However, there is usually a risk that a company will fail, even a big, “blue chip” company like General Motors, which had to be rescued by the government in 2009. Even if employers become bankrupt, the pension fund cannot be used to pay off creditors. Sometimes, retired workers can expect the U.S. government’s Pension Benefit Guaranty Corporation to pay their benefits, in part if not in full.

In contrast, participants in a defined contribution plan have a legal claim on the money they have contributed from their paychecks to personal accounts, as well as the investment return on this money. Workers have some say over how the money is invested—in a money market account, bonds, stocks, or a mixture. Moreover, defined contribution plans are portable; workers take them when they change jobs. This is an important consideration in an economy in which unemployment is 9.5 percent, as of this writing, and lifetime employment is becoming increasingly uncommon. With portable accounts, workers are free to move to more attractive jobs or relocate from one state to another. Of course, there are drawbacks to defined contribution plans. Workers may not have the expertise to invest their accounts wisely. And, if workers choose to invest solely in stocks, the equity markets’ ups and downs may make workers’ nervous and the ultimate value of their accounts uncertain.

Unions often advocate defined benefit plans in part because they prefer employers to bear the risk of supporting the rank-and-file’s retirement. However, as mentioned above, defined benefit plans have the effect of requiring workers to stay at unionized jobs in the same industry for

most of their working lives, to maximize their retirement income. Unions that negotiate defined benefit plans create strong incentives for union workers not to leave for non-union jobs and to continue to contribute to the defined benefit fund and to go on paying union dues. In other words, defined benefit plans may contribute to union security.

Another important distinction in pension accounting is the differences between “single-employer,” “multiemployer,” and “multiple-employer” pension plans. A single-employer plan is sponsored by one firm to support the retirement of its workers. Single-employer plans may be adopted unilaterally by private employers or be created by negotiation with labor unions. Collectively-bargained single-employer pension plans are managed by the employer. While sums to be contributed may be negotiated, the employer is responsible for the health of the fund, and the employer (or its designated fiduciary) makes all investment decisions.

Multiemployer pension plans are created and sponsored by a labor union in order to provide retirement income for workers in several different places of employment. This requires the union, the sponsor of the plan, to negotiate with each employer to join and contribute to the fund. They are often called “Taft-Hartley plans,” and are managed by a board of trustees, which consists of an equal number of union and employer representatives.² The union negotiates with each employer and the board to determine contribution levels, and the board determines the level of benefits and manages the fund.

Finally, a multiple-employer pension plan is usually adopted by a parent company to pay pensions for employees in its affiliated companies. Trade associations or other groups of employers may also choose to form multiple-employer pension plans.

The rationale behind multiemployer and multiple-employer pension plans is that they allow firms to pool risk among several employers. Multiemployer pension plans allow workers to keep their pensions if they change jobs to another participating company. This consolidates union pension contributions into larger investment pools. Multiple-employer pension plans allow parent companies to transfer covered workers between subsidiaries with minimal paperwork.

Trends in Pension Coverage

In 1976, defined benefit plans accounted for nearly one-third of the 359,980 pension plans in existence in the United States. By 2007, about 7 percent of the 707,787 plans, approximately 50,000, were registered defined benefit pensions. There were over 42 million participants in defined benefit plans in 2007, including more than 19 million workers actively paying into these plans. Over the past thirty years, while the number of total pension plans has nearly doubled, the number of defined benefit plans has fallen from a 1983 high of 175,000 plans to 49,000.

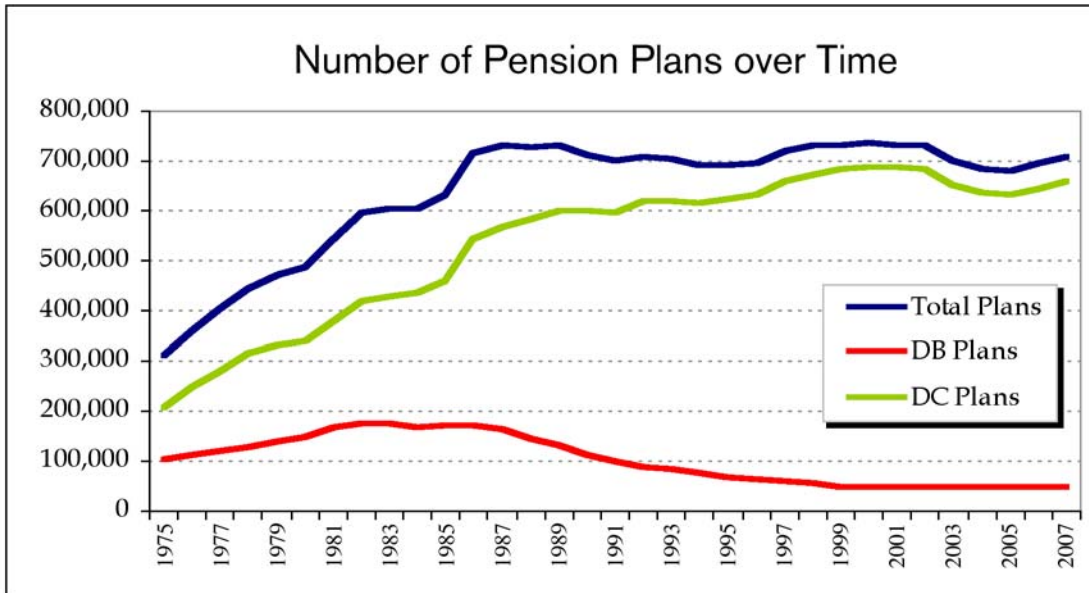
This downward trend occurred for several reasons. First, workers began to view pension plans as an integral part of the compensation package. The growth in both defined benefit and defined contribution plans until 1983 indicates that employers were more generous with their retirement-income offerings during this period. But since 1983, the number of

defined benefit pension plans has fallen, while the number of defined contribution plans has increased and stabilized at about 650,000. (See Chart 1.) These changes were due to shifts in the preferences of both employees and employers.

First, it became more common for employees to hold several jobs over their lifetime, making defined contribution plans more attractive for their portability. Second, employers began to view the long-term costs of defined benefit pensions as uncertain, and therefore undesirable, and they developed a preference for the predictable annual costs of defined contribution plans.

Single-employer plans, especially, have driven these shifts towards defined contribution plans because most plans covering many firms are multiemployer plans, and tend to be union-run. Unions favor defined benefit plans, even if they do sometimes negotiate the creation of a defined contribu-

Chart 1



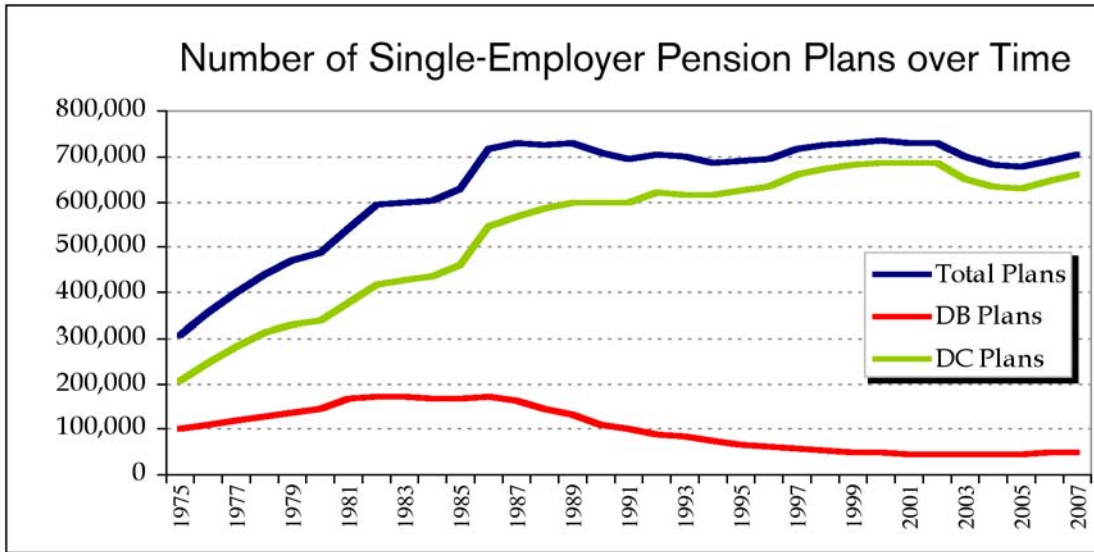
Source: U.S. Department of Labor, "Private Pension Plan Bulletin Historical Tables and Graphs" <http://www.dol.gov/ebsa/pdf/1975-2007historicaltables.pdf>

tion plan. **Chart 2** shows that single employers have emphatically embraced the defined contribution plan as the preferred method of paying deferred compensation.

Chart 3 demonstrates how these trends have affected multiemployer pensions. While it is likely to be more diffi-

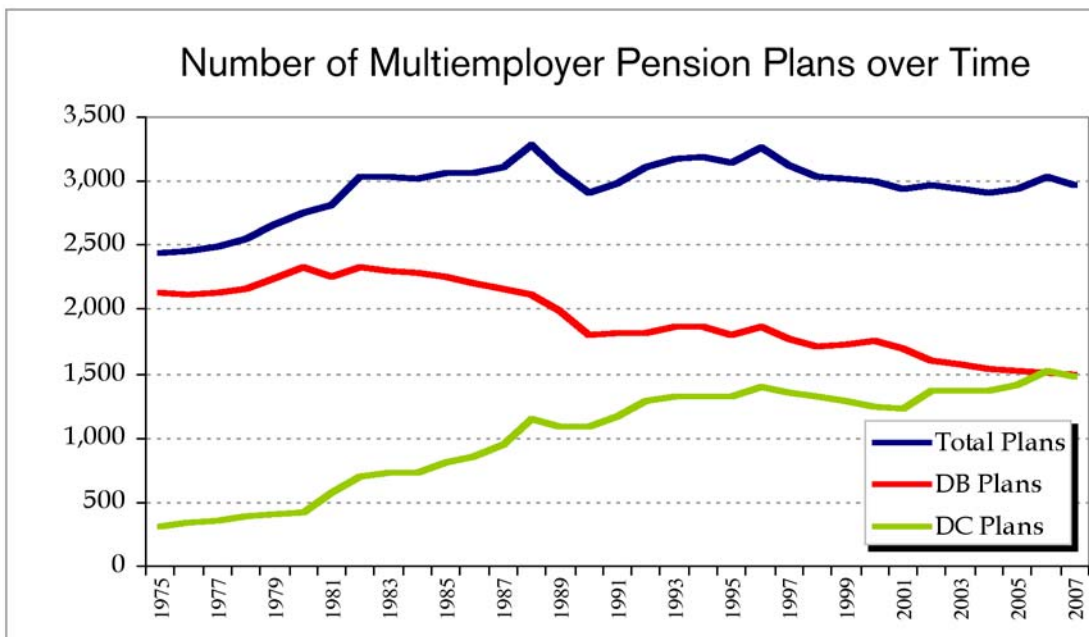
cult for several distinct employers to separate themselves from a collectively bargained agreement, multiemployer pension plans have also begun to shift towards defined contribution plans. In 2007, nearly half of the 2,969 multiemployer pension plans were defined contribution plans.

Chart 2



Source: U.S. Department of Labor, "Private Pension Plan Bulletin Historical Tables and Graphs" <http://www.dol.gov/ebsa/pdf/1975-2007historicaltables.pdf>

Chart 3



Source: U.S. Department of Labor, "Private Pension Plan Bulletin Historical Tables and Graphs" <http://www.dol.gov/ebsa/pdf/1975-2007historicaltables.pdf>

The Employee Benefit Security Agency's 2007 Form 5500 data sets showed defined benefit plans holding \$2.19 trillion in assets. Collectively-bargained plans held just over \$1.01 trillion, a sum insufficient to cover the estimated \$1.21 trillion of liabilities. By contrast the \$1.18 trillion in non-union assets were greater than their \$1.15 trillion in liabilities.

Under the Pension Protection Act of 2006, deficient plans are required not only to report significant funding inadequacies but to make them up with reduced benefits or increased contributions. Today's union pension shortfalls will put downward pressure on tomorrow's union wages and benefits.

Sources of Information on Pension Plans

Most pension funds must file Form 5500 annually with the Internal Revenue Service and the U.S. Department of Labor. Form 5500 includes information about the assets and liabilities of the pension fund; the number of participants; some details about the pension plan; and the investment earnings of the pension fund.

Form 5500 requires estimates of the value of a fund's assets, liabilities, and the present value of all benefit payments. Because of the complexity of estimating these variables, companies are asked to calculate only their "accrued" liabilities. To do that they estimate the present value of all benefits they would have to pay if they closed at the end of the year and paid all promised benefits based on service to that time. That is, if benefits are 1 percent of wages per year of service, a person who had worked at the company for 10 years would be owed an annuity of 10 percent of his average or his final wages each year, depending on the contract.

If the ratio of assets divided by liabilities is equal to or greater than one, the company would be able to pay all of its promised benefits if *all actuarial assumptions are correct*. If this ratio is less than one, it indicates that the company has promised to pay more in benefits than the resources it expects to have when benefits are paid. A ratio of less than one is the major indication to plan participants that their pension fund—and possibly their own benefits—are in danger. Congress regards a ratio of less than 80 percent as an

underfunded plan, reflecting mismanagement of funds, either inadvertent or corrupt.

The 1974 Employee Retirement Income Security Act (ERISA), written to protect defined benefit pension plans, permits sponsors to delay required contributions, as long as they adhere to "payback" restrictions.

However, another provision of ERISA, intended to encourage pension sponsors to keep their plans well-funded, has contributed to the deterioration of funds. In any year in which a sponsor pays more than its required contributions, ERISA allows the fund to gain a "credit" that can be used to reduce future payments. That happened during the "dot-com bubble" of the late 1990s, when many pension funds ran up large credits due to unexpected appreciation of their stock-market assets. Sponsors substituted the credits for annual contributions. But when the bubble burst and stocks fell, the funds lost value. Then fund administrators used the previously-accrued credits to pay off the deficits they accumulated during the market's decline, and at times did not make any contributions to their pensions, even if their funded ratios had fallen significantly.

The data used in this study were drawn from the Employee Benefits Security Administration's (EBSA) 2007 Form 5500 raw data sets, freely available online, and compiled by Hudson Institute.

(URL: <http://www.dol.gov/ebsa/5500main.html>)

General Health of Large Pension Plans in the United States

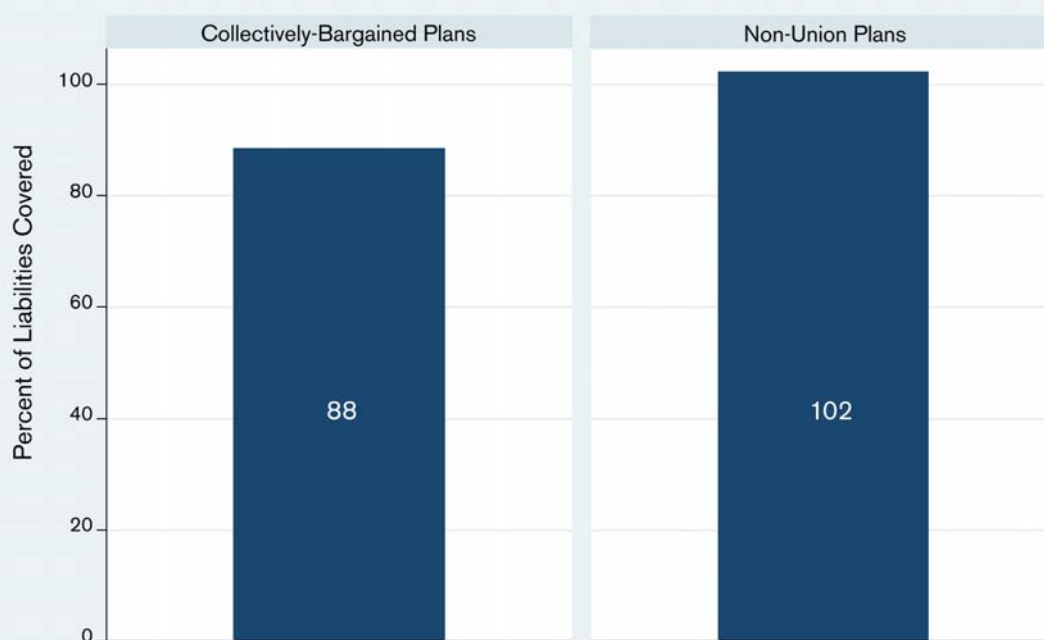
The 8,805 large defined benefit plans in 2007 made up just over a third of 48,982 defined benefit plans, but they cover nearly 99 percent of these plans' members. As such, large plans, those with more than 100 members, are an important place to focus our analysis. The 2007 filings include data for 3,644 union plans and 5,161 non-union plans.

At the end of 2007, large defined benefit pension plans were, on average, 96 percent funded.³ Collectively bargained large plans, on average, were 88 percent funded. In contrast, non-union pensions were 102 percent funded (Chart 4). This shows lower levels of funding among collectively-bargained pension plans. Non-union plans, 39 percent of which

were fully funded, were more likely to be fully funded than their collectively-bargained counterparts, 18 percent of which were fully funded (Chart 5). ("Fully funded" means that assets met or exceeded 100 percent of the value deemed necessary to pay all projected future obligations.)

The 2006 Pension Protection Act, like the 1974 ERISA statute, recognized that a pension plan need not be fully funded at any moment in time to be stable. Dips in the stock market can reduce the funding ratio, requiring several years for recovery, even among well-funded pensions. Thus, while fund managers must make up shortfalls over the course of several years, there are few penalties if funding falls to or

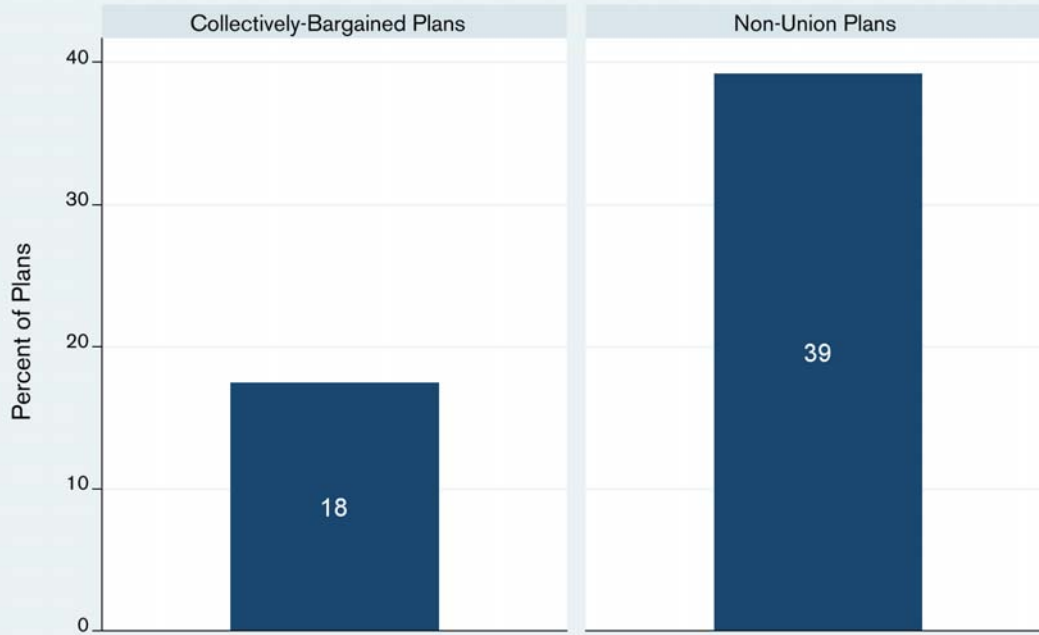
Chart 4 Average Ratio of Assets to Liabilities for Large Defined Benefit Plans



Source: U.S. Department of Labor Employee Benefit Security Administration Form 5500 Data (2007), and Hudson Institute calculations.

Chart 5

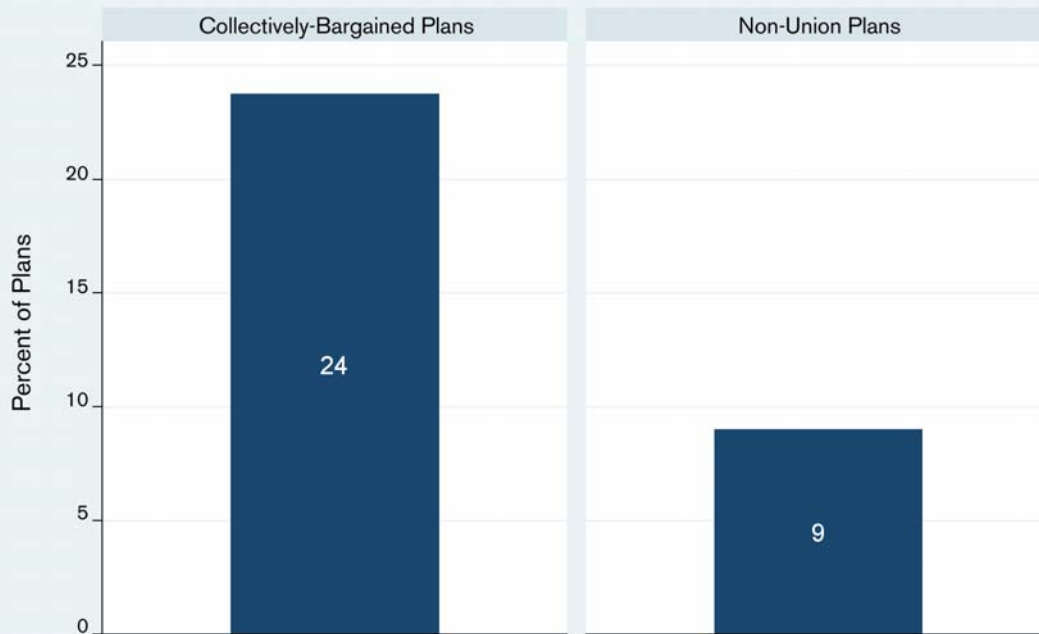
Percent of Large Defined Benefit Plans that are Fully Funded



Source: U.S. Department of Labor Employee Benefit Security Administration Form 5500 Data (2007), and Hudson Institute calculations.

Chart 6

Percent of Large Defined Benefit Plans in Endangered Condition



Source: U.S. Department of Labor Employee Benefit Security Administration Form 5500 Data (2007), and Hudson Institute calculations.

below 80 percent of projected liabilities. Pension plans are required to recognize their funding by increasing contributions or reducing benefits in order to comply with the law.

In 2007, collectively-bargained pension plans performed poorly compared to non-union pensions, as in many earlier years. Plans with between 80 and 65 percent of their needed assets are considered “endangered.” Of union plans, 24 percent were in endangered status, compared to 9 percent of non-union plans, as shown in **Chart 6**.

The pattern of disparity between union and non-union plans repeats itself among the most troubled plans—those with 65 percent or less of their required assets, called “critical status” in the 2006 Act.⁴ While only 1.5 percent of non-union pensions were in critical status, 12.5 percent of union pension plans were critical (**Chart 7**).

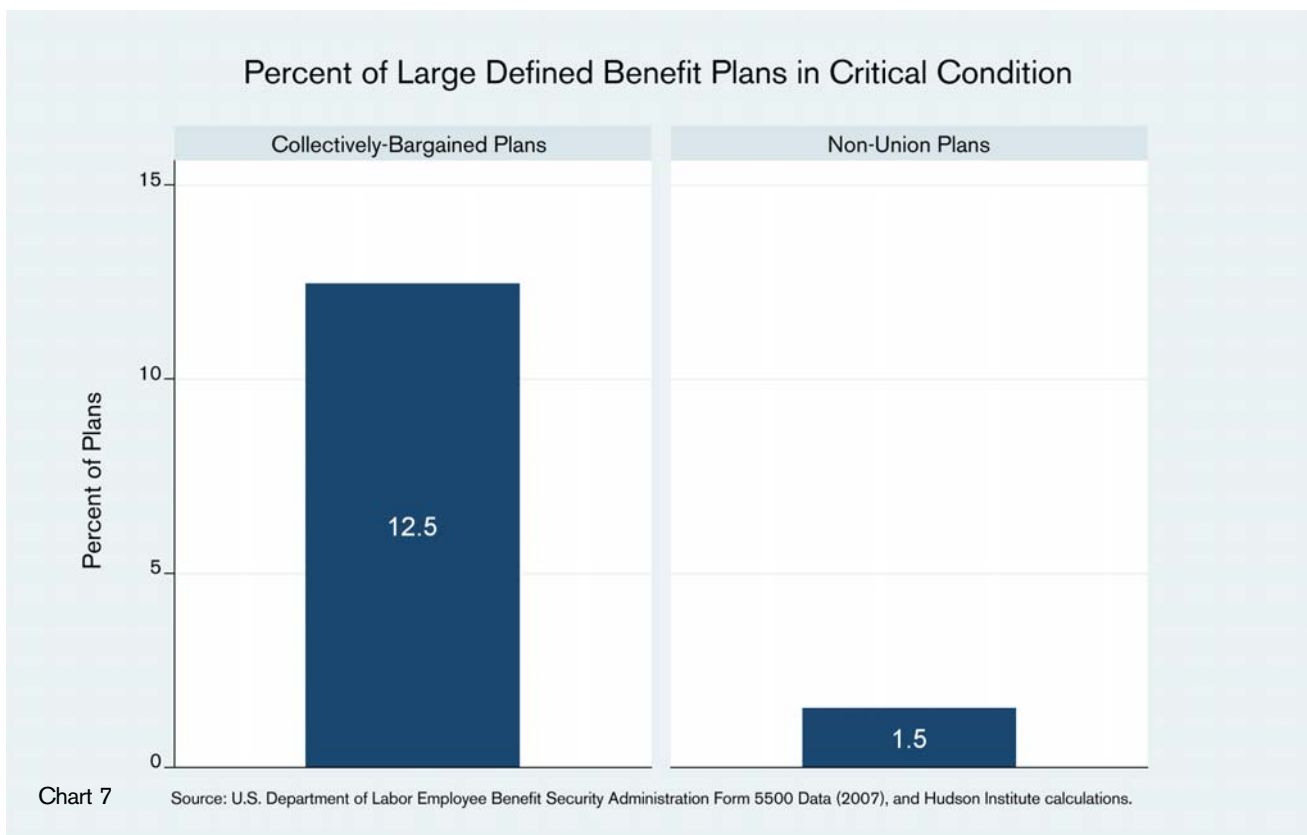
One possible reason for the superior performance of non-union plans is the use of funding credits to reduce mandatory payments to pension plans, a practice discussed above. While the Pension Protection Act held out incentives to discontinue this practice, it is possible that many plans

relied on large funding credits to keep from having to make supplemental contributions even when the stock market fell, pulling down funding ratios.

One way to lend strength to this theory is to analyze whether plans that were not fully funded received contributions equal to total annual charges, generally equal to the sum of the normal cost and interest charges from funding deficiencies. In 2007, 17 percent of the union pension plans that were not fully funded made contributions sufficient to cover their minimum annual costs. In contrast, 33 percent of the non-union pension plans that were not fully funded met annual costs (**Chart 8**).

The situation was worse for plans in critical condition. Among the union pension plans in critical condition, 8 percent contributed enough to meet annual costs. Of the non-union plans in critical condition, 39 percent made adequate contributions (**Chart 9**).

Under the 1974 law, some pension plans in poor condition would have to make additional contributions. In 2006, 18 percent of non-union plans had to make additional contribu-



Percent of Large Underfunded Plans Paying at Least Minimum Annual Charges

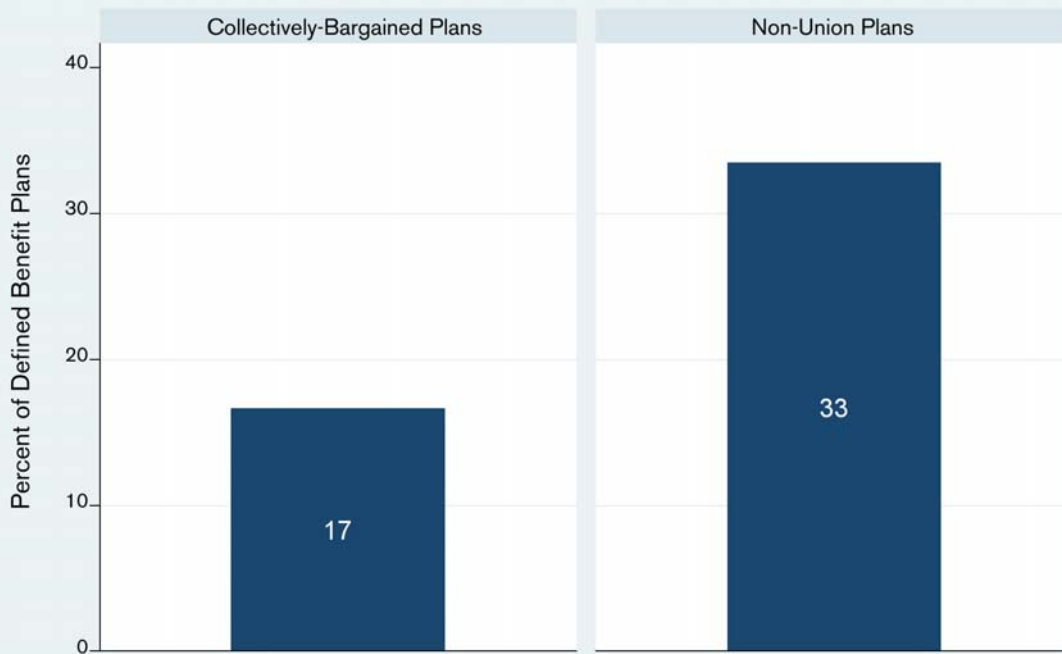


Chart 8

Source: U.S. Department of Labor Employee Benefit Security Administration Form 5500 Data (2007), and Hudson Institute calculations.

Percent of Large Plans in Critical Condition Paying at Least Minimum Annual Charges

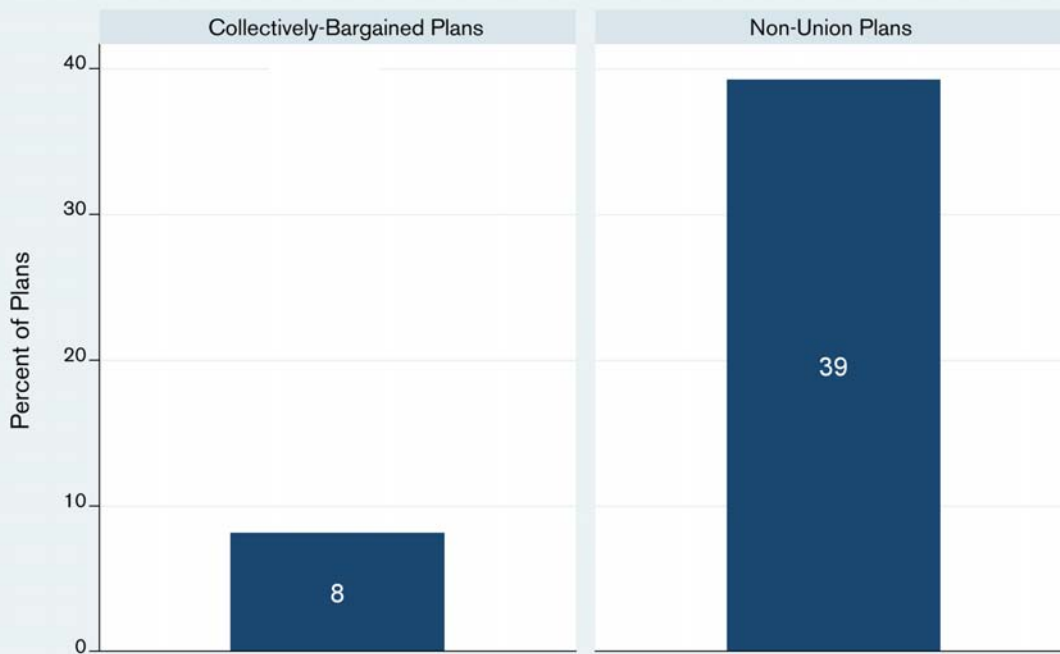
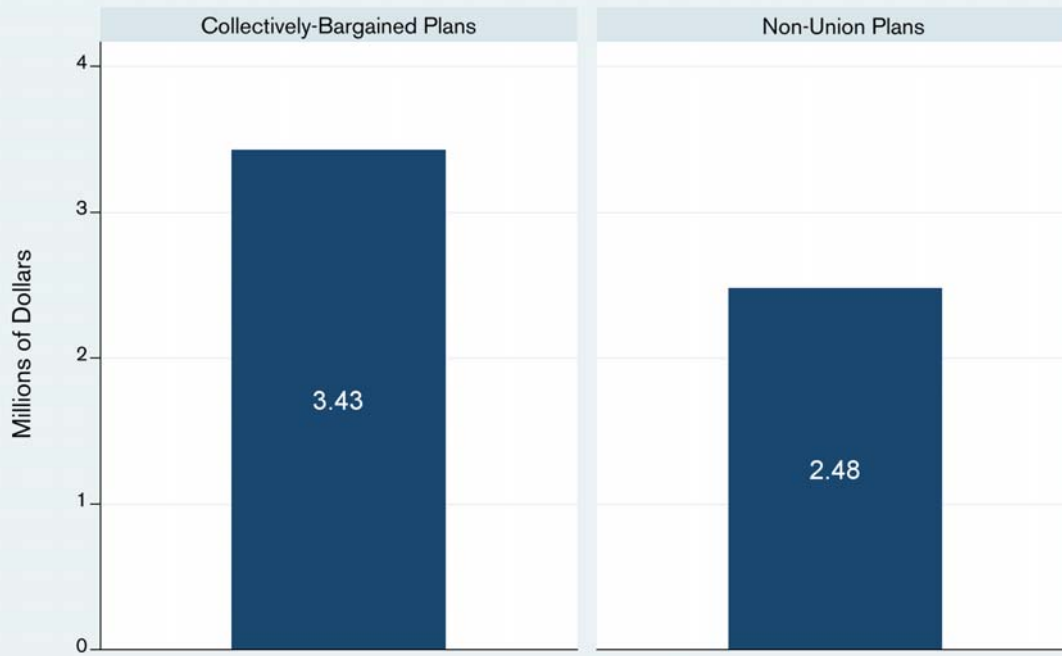


Chart 9

Source: U.S. Department of Labor Employee Benefit Security Administration Form 5500 Data (2007), and Hudson Institute calculations.

Chart 10

Average Annual Payment to Correct Funding Deficiency



Source: U.S. Department of Labor Employee Benefit Security Administration Form 5500 Data (2007), and Hudson Institute calculations.

tions, and 17 percent of union plans had to make such contributions. However, on average, union plans were required to make contributions over a third greater than non-union plans, \$3.43 million compared to \$2.48 million (Chart 10).

Compared to 2006, pensions in 2007 fared slightly better as a whole, reflecting improvements in the funding status primarily of non-union pensions. Union pensions were 88 percent funded in 2006, the same as in 2007, while non-union pensions increased their average funding ratios 5 points from 2006's average of 97 percent. The relative numbers of fully funded pension plans increased, union plans by 1 percentage point, non-union plans by 4. The percentage of plans in critical condition held the same. These slight improvements are consistent with expectations in a year of stock market gains.

The Department of Labor publishes the pension plans which have reported themselves as being in endangered or in critical status due to underfunding or other factors. The Department also posts the notices for plans that have elected to file notices under the Worker, Retiree and Employer Recovery Act of 2008 (WRERA). This allows plans

to freeze their funding status at the previous year's level.

A WRERA notice is an election by a plan under §204 of (WRERA) to freeze the plan's funding status in the previous year category (green, yellow, red) despite the actual funding level of the current year, providing more time for recovery before certain automatic measures of the Pension Protection Act of 2006 require increased contributions.

This table shows the plans that fell under critical, endangered, and WRERA status in 2010, 2009, and 2008.

Status	2010	2009	2008
Critical	27	140	102
Endangered	16	102	133
WRERA Notices	3	320	N/A
TOTAL	46	562	235

Source: DOL website, see Appendix 1. (A small number of plans have been double counted.)

The number of critical plans increased by 38 in 2009, whereas the number of endangered plan in the same year dropped by 31. However, in 2009, 320 plans filed WRERA notices, bringing the total number of plans that reported financial difficulties from 235 in 2008 to 562 in 2009, a 139 percent increase.

The trend clearly reflects the plight of the union pension funds, which was further accentuated by the 2008–2009 eco-

nomie recession. The year 2009 saw a 37 percent increase in the number of plans reporting critical status. In addition, 320 underfunded plans elected the WRERA provision in 2009 in order to seek temporary relief from the funding requirement. This bears further evidence of the continued poor status of the union-sponsored pension plans. The complete lists of plans in critical, endangered, and WRERA status as of July 2010 appear in Appendix I.

Why Union Plans Tend to Perform More Poorly

One possible reason for the disparity between union and non-union plans is that collectively-bargained plans are not usually renewed annually. As a result, annual contributions by employers (and possibly employees) may not be adjusted promptly to compensate for market downturns or other unexpected drops in contributions, perhaps for example because of a long strike or lockout. Furthermore, when a union must negotiate with several different employers (which is the case when a union sponsors a multiemployer pension plan), this problem may be exacerbated. Of large multiemployer pensions, 6 percent were fully funded in 2007. In contrast, 39 percent of multiple employer and 35 percent of single employer pensions were fully funded.

The disparity between union and non-union plans exists even within different employer groups. Among single employer plans, 40 percent of non-union plans were fully funded, compared to 24 percent of single employer union plans. (See **Chart 11**.)

There are other possible explanations for the poorer showing made by union pensions. One involves the incentives of union officers, what might be called internal trade union politics. When Union leaders negotiate renewed contracts with employers, they like to come away from the bargaining table not only with pay rises but with expanded

future pension benefits. The sweeter the contract, the more likely a leader is to win re-election.

Conversely, leaning on employers to ensure that the pension plan is kept well-funded may well work against winning richer benefits because it underscores pension costs to the employer. Tell an employer that he must contribute more just to protect retirement benefits already under contract and it is less likely—or entirely unlikely—that he will also agree to enhancing those benefits. And, politically for the union leaders, it sounds much more proactive to deliver expanded pension benefits or to protect benefits from employer-initiated cuts than to come back to the rank-and-file reporting only that their pensions are better protected. As the editor of a union newspaper might say, That’s not much of a headline.

Union leaders also may not want to acknowledge to members that safeguarding pension plan funding requires effort—and some concessions on other fronts, such as wage increases. It is part of trade union doctrine that defined benefit plans are safe. For the leadership to admit that it must struggle to sustain adequate funding suggests—for good reason—that the annual contributions are inadequate to assure rank-and-file members a stable retirement. And there may be an implication, in the case of a contributory plan, that the employees must ante more from their pay packets—decidedly unwelcome news. Or the admission might imply

that the plan should become contributory. It might even be inferred by the membership that the leadership has bargained for gold-plated benefits that are unrealistic. In sum, confronting under-funding is a headache for union leaders and the path of least resistance is to avoid such engagement.

Finally, employers may be more disposed to grant pension benefit increases than wage increases because the former are largely future costs. Union leaders understand that and may tilt their demands in that direction, especially if the employer is in straitened circumstances and cannot afford to raise wages.

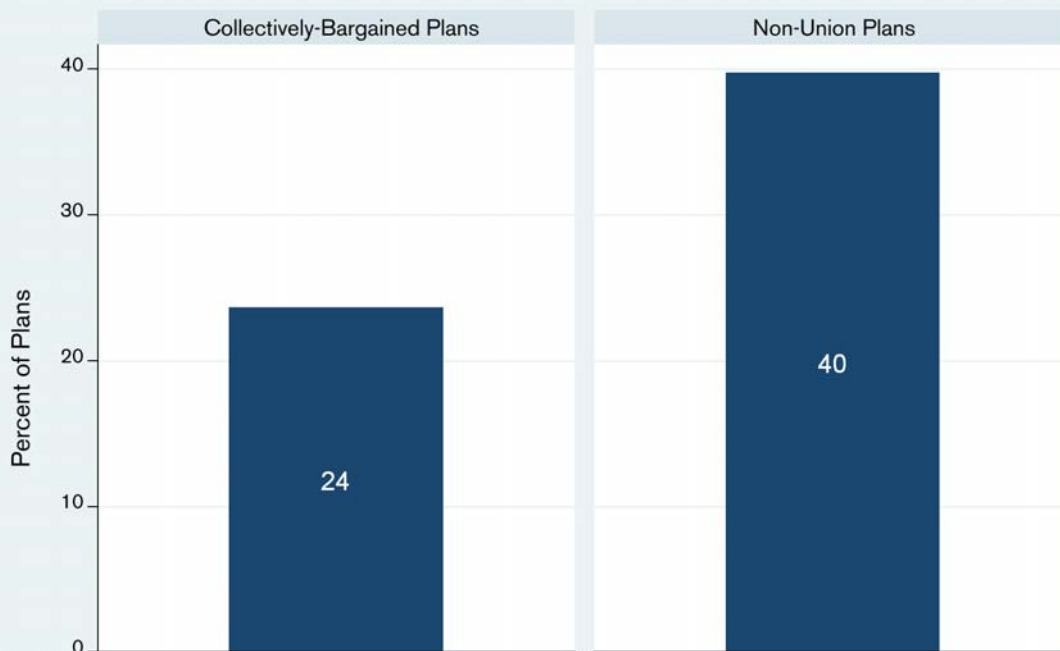
It should be noted first that all of these listed explanations for what union leaders do are hypotheses. There appears to be some evidence to support them, and they are plausible, but divining motive is always uncertain and we cannot determine with certainty what drives union leaders' decisions.

While not all of these proposed causes of disparity between non-union and collectively-bargained pension plans are due to mismanagement or incompetence, they still merit

concern. Annual reports are as a rule optimistic about the future of pension plans, often using the plans' accumulated assets as a context-free index of pension health. While optimism is commendable, union leaders' tendency to project rosy futures for pension plans leaves rank-and-file members unaware when or how their pensions may be at risk. Without that understanding, union members have no metric by which to judge the management by the leaders of their pension plan.

This is a problem for two reasons: because the retirement income of the employees may be at risk, and because a secure retirement is one of the primary enticements to join a union. Many of the major national unions advertise that union members are more likely to have better retirement plans, explicitly defined benefit retirement plans, than workers without a union.⁵ This promise would be far less persuasive were potential union members to understand that a pension is not guaranteed just because it has been promised in a collective bargaining contract.

Chart 11 Percent of Large Single-Employer Defined Benefit Plans that are Fully Funded



Source: U.S. Department of Labor Employee Benefit Security Administration Form 5500 Data (2007), and Hudson Institute calculations.

In fact, looking at union communications, it is clear that union leaders assign a higher priority to raising benefits than to securing them. Nowhere is this clearer than in union criticisms of the Pension Protection Act. The Teamsters, for example, criticize full funding requirements because they give employers a legal reason to refuse to increase pension benefits.⁶ Unions frequently lambaste employers for opposing increased benefits. Unions typically call their proposals “reasonable” or “affordable.” But it is rarely in a union’s interest to say that it is pushing for expensive increases in pension benefits that employers may not be able to afford.

There are advantages to defined benefit pension plans, but these benefits are contingent on the plans being fully funded. Union rank-and-file members need to understand the complexity of defined benefit pension accounting, and hold their leaders responsible for maintaining stable funding ratios. Certainly it may be in employers’ best interests to

refrain from increasing benefits during negotiations, but they also have a stake in ensuring the benefits they pay are sustainable. Short-term business gains to revenue and profits, for example, are no justification for increasing benefits, in part because it is much harder for a business to rescind increased benefits during weak economic times than to not increase them in the first place.

But more important than acknowledging the possibility that employers may at times be accurate about the feasibility of union benefit plans, rank-and-file workers must recognize the difficulty in keeping a defined benefit pension stable, and properly place responsibility for that task. Employers are responsible for making the contributions required by their contracts, and, since along with union officials, they also serve as trustees, they need to make sure that the plan is stable. It is the union leaders’ responsibility to negotiate terms that enable the pension plans to remain stable.

Small Plans

Although they contain only a small fraction of defined benefit plan participants, small plans covering 100 or fewer people make up the majority of the plans reporting to the Labor Department on the 2007 Form 5500s, or 23,775 of the total 32,5080. Of these small plans⁷ 2 percent were collectively bargained, as opposed to the 41 percent of large pensions (See **Chart 12**). These small union plans were, on average, larger than the small non-union pension plans. Small union plans covered on average 58 workers, while small non-union pensions covered an average of 15 people apiece (**Chart 13**).

Small plans enjoy an inherent advantage with respect to funding. The fewer people the plan must cover, the more likely it can accurately predict future obligations and adequately prepare to meet them. Furthermore, beneficiaries of small plans may be more likely to know and have contact with their union representative, giving them greater opportunity to seek and maintain accountability. One can, therefore, expect

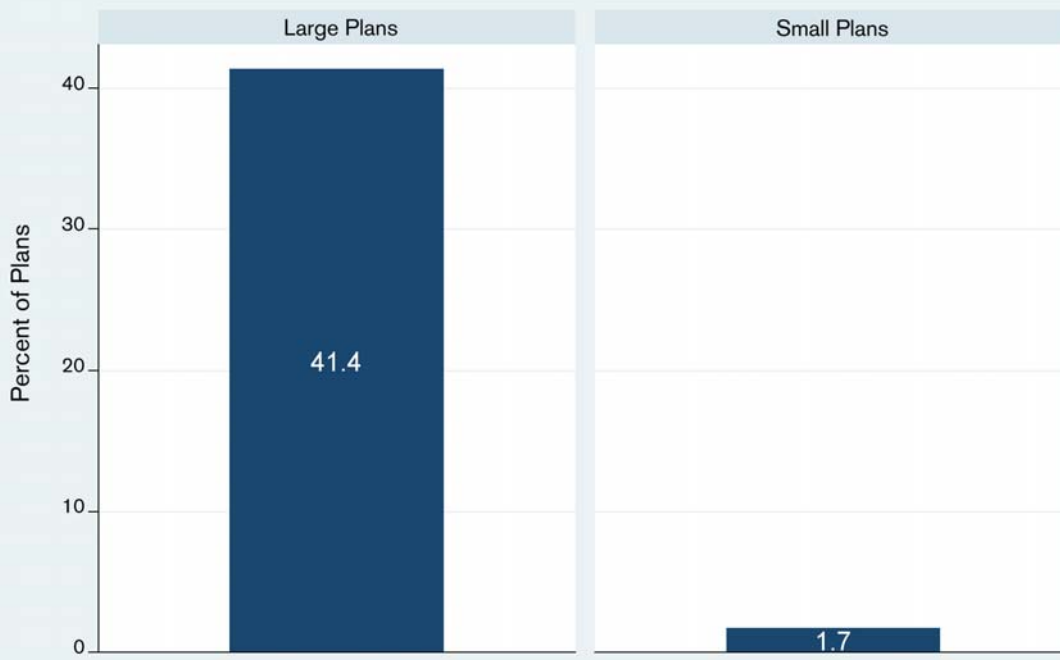
small plans in general to do better than larger pensions.

Of non-union small plans, 66 percent were fully funded, compared to 29 percent of union plans. Both sets outperformed large plans in this respect, but, taking account of underperforming funds, neither did well. Both union and non-union small plans were about as likely as their larger counterparts to have funding ratios below 80 percent. Small and large unions plans were nearly three times as likely to be poorly funded as were non-union pensions. Worse yet, 16 percent of small union plans had funding ratios below 65 percent—nearly three times the ratio for small non-union plans.

One would hope that smaller union plans would be better off than those run by large, national unions, but it appears that the endemic problems with collectively bargained pension plans extend even to smaller plans. It ought to be easy to hold accountable a local union negotiating a pension for 100 workers, but even small plans are far too often in unstable financial condition, to the possible future detriment of the covered employees.

Chart 12

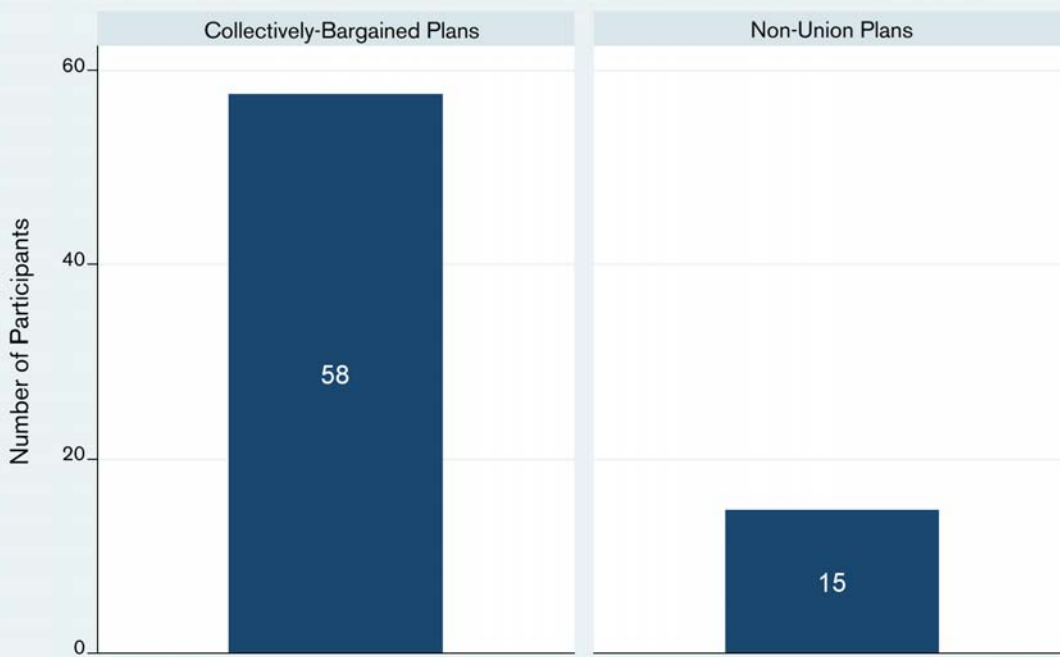
Percent of Defined Benefit Plans that are Collectively Bargained



Source: U.S. Department of Labor Employee Benefit Security Administration Form 5500 Data (2007), and Hudson Institute calculations.

Chart 13

Average Number of Participants in Small Defined Benefit Plans



Source: U.S. Department of Labor Employee Benefit Security Administration Form 5500 Data (2007), and Hudson Institute calculations.

Rank-and-File Versus Officer Pension Plans

Many unions have separate pension plans for rank-and-file members and for staff and officers of the union local and national organization, because many union officers and staff are employees of the union, not of an employer with whom the union bargains.

How do pension plans for union leadership and staff compare to the pension plans for the rank-and-file?

The comparison is not easily made because of limitations of the available data. While Form 5500 provides information to indicate whether a plan is collectively bargained or not, and indicates whether a plan is large or small, officer pension plans cannot be easily distinguished from rank-and-file plans because the name of the plan in the Form 5500 filing does not indicate whether it is an officer or a rank-and-file plan. Few unions provide easily accessible information on the pension plans of their officers, and there is no central resource for locating and examining them.

However, it is possible to analyze a sample of staff pension plans, and this is the approach taken here. We examined 28 staff and officer pension plans relating to some of the largest 45 rank-and-file pension plans, both multi-employer, single employer, and multiple employer. Rank-and-file plans cover employees in the International Brotherhood of Teamsters; the Service Employees International Union; UNITE HERE; the United Automobile, Aerospace, and Agricultural Implement Workers; the Communications Workers of America; the International Association of Machinists and Aerospace Workers; the Sheet Metal Workers; the United Steelworkers; the United Food and Commercial Workers; the Plumbers and Pipefitters; the Actors' Equity Association; the International Union of Painters and Allied Trades; the AFL-CIO; the Carpenters;

the Laborers' International Union of North America; the International Union of Bricklayers; the Bakery, Confectionery, Tobacco Workers and Grain Millers; and the International Brotherhood of Boilermakers.

Staff and officer pension plans include affiliates of national unions such as American Federation of State, County, and Municipal Employees; the American Postal Workers;⁸ and the Graphic Conference of the Teamsters. Rank-and-file pensions for these unions are consolidated in their parent union's pension. In addition, they include the International Association of Iron Workers; the International Association of Bridge Workers; and the International Brotherhood of Electrical Workers.⁹

In 2007, rank-and-file plans each covered at least 25,000 active workers, and together covered over 2.7 million active employees. On average, the rank-and-file plans had 80.6 percent of the funds needed to satisfy their obligations. Twenty-five of the plans were fully funded—meaning funded above the 80 percent level—and 21 were less than 80 percent funded. Eleven of those 21 were less than 65 percent funded, and four were listed by the Department of Labor as being in critical condition. The remaining funds had less than full funding but more than 80 percent funding.

Of the 45 largest rank-and-file plans, 16 are single employer or multiple employer pension plans. These plans are, on average, 102 percent funded, compared to 70 percent funding among the multiemployer rank-and-file union plans. Eight of the single or multiple employer plans are fully funded, and only five are less than 80 percent funded. None is in critical condition. While these statistics cannot necessarily be generalized to the rest of the pension universe, they do indicate that single employer and multiple employer

plans fare better than multiemployer rank-and-file plans in part due to the ease with which single and multiple employer plans can be managed.

In contrast, the 28 officer funds that we looked at were on average 96 percent funded. Eleven were funded at 100 percent or more, and seven were less than 80 percent funded. Of the eight, two were less than 65 percent funded. Of the plans we examined, staff pensions were better funded than rank-and-file pensions.

Two hypotheses offer an explanation for the disparate funding rates of rank-and-file and officer pension plans. Most officer pension plans are perks of the job, not collectively bargained but dictated by the union's bylaws. Furthermore, they are single employer pension plans. Both of these types of plans tend to have better funding.

Union officers make the business decisions for the union. They, or someone they know, are aware of the financial status of the union, and therefore what pension benefits are affordable. This is similar to the reason that single employer plans fare better than multiemployer pensions. That is, when a single entity is responsible for determining pension benefits, its sole responsibility for benefits and its flexibility allow it to better keep the pension well-funded.

However, unlike a business with a collectively-bargained pension plan, union officers are not constrained by shareholders to keep large pension deficits from arising. They are

motivated by self-interest: they are managing their own pensions. That gives the officers a greater incentive to ensure that their own pensions are managed well than they have for keeping their members' pensions well funded. It is not measurable that they expend more effort protecting their own pensions, but the outcomes suggest that union leaders are more effective in protecting their own futures.

Pay-for-performance is one of organized labor's favorite tools for criticizing management. One of their complaints is that among large corporations, few incentives exist for upper management to increase profits. Organized labor argues that golden parachutes, vested stock options, and other complex forms of compensation ensure that most CEOs and other senior corporate officers are paid dozens of times the average worker's salary, even in periods of declining profits or mass layoffs. Union leaders say that business leadership should not be rewarded when ordinary workers are suffering.

Union leaders, however, are vulnerable to the same criticism. Officer pensions are rarely connected to performance of rank-and-file pension plans; few union leaders' future incomes are threatened when an employer must cut pensions, or plans fall into critical condition. If unions wish to encourage managers to work in the best interests of their companies by connecting performance to profits, perhaps the unions ought to set that example first.

Bailing Out Multiemployer Pension Funds

In 2009 Moody's estimated that multiemployer plans were underfunded by at least \$165 billion, and concluded that "The ballooning of the under funded status of these funds has substantially increased the implied liability for contributing companies in the industries affected." Some companies risk having their ratings downgraded, especially

if weaker companies become bankrupt and leave the pension plans.

In order to solve the problem of underfunded collectively-bargained multiemployer plans, some members of Congress are thinking about bailing out the funds with federal dollars.

No matter that this would increase the \$1.5 trillion federal deficit, putting even more pressure on the American taxpayer and the economy. After the \$787 billion “stimulus” plan, the \$700 billion Troubled Asset Relief Plan, and the potential \$1 trillion health care “reform” plan, no one appears to be counting the billions.

Representatives Earl Pomeroy, a North Dakota Democrat, and Patrick Tiberi, an Ohio Republican, have come to the rescue of pension plans with the proposed Preserve Benefits and Jobs Act of 2009. A slightly different companion bill in the Senate, sponsored by Senator Robert Casey, a Pennsylvania Democrat, would also rescue multiemployer plans.

The Pomeroy-Tiberi bill proposes a “fifth fund,” under the auspices of the PBGC, to rescue union-controlled multiemployer funds. The fifth fund would be used to “protect the reasonable benefit expectations of plan participants and beneficiaries...to encourage the continuation and maintenance of voluntary private pension plans for the benefit of their participants while maintaining premiums at the lowest level consistent with that objective.”

Notice the emphasis on keeping contributions to the fund low. That is to permit active union members to get bigger pay raises.

The bill states that whereas the U.S. government is not responsible for the obligations of the PBGC—which is funded through contributions from employers—the government is directly liable for the fifth fund. The bill sets no upper limit to the Treasury’s exposure.

This means that the underfunded union-controlled pension obligations would be shifted directly to taxpayers. The figure is likely to be in the hundreds of billions, because of the sizeable number of large multiemployer plans—over 300 this year—that are in critical or endangered condition.

The bill also would loosen accounting standards, allowing plans to spread recent financial losses over 10 years and in some cases over 30 years. This sleight of hand would make plans appear to be in better financial shape than they are under present rules. Unions would come under less pressure to acquiesce in a reduction of future benefits, or to shift compensation from wages to contributions.

Mr. Casey’s bill, the Create Jobs and Save Benefits Act of 2010, is similar to the Pomeroy-Tiberi bill. It does not create

a “fifth fund,” but the PBGC would, at the request of the plans, have the authority to take over the pension obligations of employers who have withdrawn from the plans, and pay the benefits out of taxpayer dollars. Once the PBGC shoulders that obligation, it would keep making payments until the last retiree or designated survivor dies.

Both bills would allow certain multiemployer pension funds to form alliances and merge where these mergers would reduce the PBGC’s losses. Plans that have been financially prudent could lose, because they could be merged with failing plans.

The bills would scale up PBGC payouts to workers in bankrupt multiemployer plans from \$12,870 a year to \$20,000, placing further financial pressure on the PBGC.

Unions and some employers with multiemployer pension plans support these bills. If they are enacted, unions would have no incentive in the future to negotiate well-funded pension plans. In the guise of helping out workers, the bills’ transparent purpose is to rescue union leaders, so they can shift from negotiating higher pension contributions to negotiating higher wages, helping increase their popularity. Employers seek to avoid continuing and possibly higher contributions.

Hence, a coalition of liberals and conservatives might pass the bills and send one to President Obama’s desk for a likely signature, given his frequent support for unions, one of his most important constituencies.

Under the Casey and Pomeroy-Tiberi bills, some underfunded plans would be shifted to taxpayers. But it’s a vicious circle: once PBGC took over some plans, other employers would want to declare bankruptcy, unload plans on the PBGC, and reorganize under another name. The incentives to do this would be enormous, because companies bailed out by the PBGC would be free of onerous pension obligations and hence would acquire a competitive advantage.

By bailing out the plans, Congress would be compromising the remedial provisions of the Pension Protection Act of 2006. The Act requires underfunded pension plans to put their houses in order by raising retirement ages; increasing contributions by employers, workers, or both; and lowering benefits. A bailout would remove any incentive for multiemployer pension plans to reorganize their plans responsibly.

With deficits stifling the economy, making the taxpayers, already in trouble themselves, pay for underfunded pensions is manifestly unfair. As employers and unions had reason to know from the beginning, many firms have too few young workers, too many old workers, life spans are lengthening—

and contributions by both sides were predictably inadequate.

These bailout bills would save benefits for workers and retirees. But spending billions of taxpayer funds on failed pensions would swell the deficit still further, harming the economy and destroying jobs rather than creating them.

Underfunded Pensions and the Employee Free Choice Act

The sorry state of union pensions is one reason that unions are embracing the Employee Free Choice Act, EFCA, a bill pending in Congress. Some predict that EFCA will be brought to the floor during a lame-duck session of Congress in December.

This bill would end the right to a secret ballot in union elections. It would allow workers to designate a union as their bargaining agent by checking a card circulated and retained by the union—hence the name “card check”—rather than through a secret-ballot election, as required since the Taft-Hartley Act. Card check ran into intense opposition in 2009 because it opened the possibility of union intimidation. Union officers could visit workers outside the plant or at home, and they would know who signed and who refused.

It is especially ironic that Chairman George Miller of the House Education and Labor Committee, a California Democrat is an EFCA sponsor. After a visit to Mexico, Mr. Miller wrote a letter in 2001 to the Mexican government, cosigned with other congressmen, requesting that union elections in Mexico use secret ballots.

Another EFCA provision is mandatory arbitration. Under the bill, if a union newly certified as a bargaining agent and the employer cannot agree on a contract within 120 days, they must submit to mandatory interest arbitration. Resulting contracts would, by law, hold for two years. The arbitrators, at least as the bill was drafted, would have the power to force newly-unionized firms into underfunded pensions. A union might propose such an assignment to pump up a plan's fund-

ing ratio. Changes in the bill's language that Congress should consider would resolve that problem.

However, the mandatory interest arbitration part of the bill would remain in any alternate version of EFCA. Unions want mandatory interest arbitration because they believe that the threat of arbitration, followed by the arbitration itself, would force employers to offer better compensation packages in the initial bargaining. Employers oppose interest arbitration on the grounds that it could require them to pay excessive compensation to workers and impose upon them onerous union work rules, eventually forcing them out of business. The contrast between the financial position of the unionized Big Three Detroit auto companies in 2009 and the non-unionized foreign-owned transplants shows how unionization can affect a firm's competitive position.

Binding interest arbitration could have even more pernicious consequences than ending the secret ballot. It would allow a government arbitration board, appointed by the Federal Mediation and Conciliation Service, to set compensation packages for firms and workers that they must accept, possibly including requiring firms to join underfunded multiemployer pension funds. The bill does not specify eligibility criteria for appointment to arbitration boards.

Unlike voluntary arbitration, the parties would not have an opportunity to choose members of the panel. Nor would they have recourse to the courts if they were dissatisfied with the arbitrators' decision. With just a few lines of legislative language, Congress would revoke for newly-organized firms

and workers a critical principle of free collective bargaining—that employers and unions may walk away from a proposed contract they find unsatisfactory. Workers could be required to accept a lower compensation package than they could get elsewhere, and firms could be forced into unproductive agreements that could eventually lead to bankruptcy.

Mandatory interest arbitration would allow organized labor to replenish the coffers of its underfunded pension plans. That's why it has been endorsed by union pension fund managers. On May 11, 2009, a group of these investors, including representatives of the AFL-CIO and the Service Employees International Union pension plans, endorsed EFCA in a letter to two senior Democrats, both EFCA cosponsors, Senator Tom Harkin of Iowa (now chairman of the Senate Committee on Health, Education, Labor, and Pensions), cosponsor of the Employee Free Choice Act, and Representative George Miller of California. "As fiduciaries with broadly-diversified portfolios," the signatories wrote, "we must be cognizant of these trends and their impact on our investments."¹⁰

If an arbitration panel were to require a firm to join an underfunded plan, the firm could become liable for the pensions of workers, some already retired, of other employers. This would generate an inflow of new cash to the plan but might harm the financial position of the newly organized firm.

Under EFCA, if a trucking company were unionized by the Teamsters and could not reach an agreement with the

union, the case would go to mandatory arbitration. Arbitrators could require the company to participate in a Teamsters pension fund, such as the Central States Pension Fund, which was 46.55 percent funded in 2007 and is used by many trucking companies.

In 2009 the Pension Benefit Guaranty Corporation, a government pension insurance fund, took over the pension funds of the Printing Industry and Union Consolidated Plan, the Florida Marble Polishers Pension trust Fund, the Southern California, Arizona, Colorado, and Southern Nevada Glaziers Pension Plan, and the United Food and Commercial Workers Local 1049 Pension Plan, when the employers went bankrupt. It paid retirees the maximum benefit, now \$12,870 per year for 30 years of service.

With fewer workers joining unions, the collectively-bargained multiemployer pension funds are characterized by an increasing number of retirees supported by fewer younger workers. Many poorly funded pensions are similar to Ponzi schemes, with new contributions paid out in benefits rather than being saved for contributors' retirement. Union pension funds can survive only through new contributions. That is why unions will do anything to recruit new members—including forcing workers into underfunded pension plans through mandatory arbitration. But just as workers deserve secret ballots in union elections, they also deserve the right to consider judiciously their labor contracts, and walk away from those that they deem unattractive or unfair.

Political Spending

Rather than focusing on funding pensions for rank-and-file workers, some unions have concentrated their efforts on politics. For example, in the 2008 election cycle, the latest complete cycle, many organizations poured billions of dollars into the House, Senate, and presidential races, and many unions were quick to back Barack Obama. With his promises of supporting legislation such as the Employee Free Choice Act, universal health care, and other union agenda items, he was a clear choice for union

leaders. But he was not necessarily a clear choice for union members. Certainly, the unions would have liked their members to vote overwhelmingly Democratic, and their campaign contributions reflected this preference.

According to the Center for Responsive Politics, a Washington DC organization that compiles Federal Election Commission (FEC) data on campaign contributions, labor unions contributed more than \$130 million to the Senate, House, and presidential races. There are several different ways

for a union to influence an election. One is to file their union under Section 527 of the U.S. Code, labeling their organization a 527 group. Union-sponsored 527 groups contributed close to \$57 million in the 2008 election cycle. The Service Employees International Union contributed the most, close to \$28 million.¹¹ Seven other union 527 groups were among the top 50 contributors.

But this is hardly all of the spending in which unions engaged to influence the election. Union political action committees (PACs) made their own contributions, to the tune of \$66.4 million, to congressional and presidential races.¹² These PACs contributed another \$6.75 million to national parties; 92 percent of these contributions went to Democratic candidates or to the Democratic Party itself.¹³

And this does not cover all costs incurred by unions to support candidates. Unions are also allowed to advertise to their own members, encouraging them to vote one way or another. FEC filings are required to identify specific unions' independent expenditures. These data are illuminating.

The SEIU spent over \$6.5 million in 2008 canvassing, producing flyers, T-shirts, buttons and the like to persuade their members to vote for Barack Obama. The American Federation of State, County, and Municipal Workers spent \$12.5 million communicating to their members about the election, although much of the money went to supporting Hillary Clinton's bid. The American Federation of Teachers spent \$4.5 million trying to influence their members' votes.

There is nothing inherently wrong with unions seeking to influence national elections. The First Amendment guarantees their right to express their opinion, and unions arguably have a duty to attempt to sway national politics in ways that benefit their members.

But looking at SEIU's contributions of more than \$70 million to influence 2008 elections,¹⁴ for example, one wonders where this money came from and who decided how to spend it. The SEIU Committee on Political Education (COPE) is ostensibly funded from union members' dues. While many SEIU members were willing contributors, the 2008 SEIU constitution tells a different story, namely that money to pay for political "education" does not come only from voluntary contributions. In 2008, the following amendment to the SEIU constitution was adopted:

"Every U.S. Local Union shall contribute an annual amount equivalent to at least \$6.00 per member per year, or as determined annually by the International Executive Board, to support the overall SEIU political education and action program...If a Local Union fails to meet its annual SEIU COPE fundraising obligation, it shall contribute an amount in local union funds equal to the deficiency plus 50 percent, or such other amount determined by the International Executive Board, to support the overall SEIU political education and action program."¹⁵

When the policy was highlighted in the press, the union admitted that discipline like this had always been in place, and that the amendment had simply formalized it.¹⁶ The union may suggest that locals encourage voluntary donations, but under the threat of a penalty of 50 percent (or higher, if the International Executive Board so decides), local unions come under pressure to mobilize "voluntary" contributions of at least \$6 a year from each member. These contributions cannot be considered voluntary.

This policy, however, highlights the biggest problem with respect to union political spending. Such spending, by law, is supposed to come from voluntary contributions, not the dues that members are required to pay. If unions divert dues money to political action, union members may discover that their dues were earmarked to support candidates they oppose.

The SEIU appears to be the union most explicitly demanding that its membership finance its political agenda, by writing into its constitution a requirement that local unions fund its political endeavors. But the money to fund union 527s may come from local and national union contributions (union 527s almost exclusively),¹⁷ and thus ultimately from union membership dues. And if there is one certainty looming over the horizon, it is that enactment of the Employee Free Choice Act with a card-check provision would give unions the means to rapidly expand their financial bases. SEIU has made the equation explicit: every union member shall ante \$6 a year for political funding. Other unions have similar expectations for their members to generate political funds, money to strengthen unions' political influence in government at all levels. Yet a more responsible path for unions would be to make sure that their pension promises could be fulfilled before turning to the political agenda.

Five Case Histories

Until the passage of the Pension Protection Act of 2006, the Department of Labor did not have the authority to impose corrective action on underfunded plans. As a result, a number of weaknesses in union pensions grew to harm rank-and-file union members. There have been instances of outright wrong-doing—embezzlement, kickbacks, and similar illegal activities—but far more harm has been done by the implicit forms of negligence discussed in previous sections.

Some of the issues discussed in these case histories were addressed in the Pension Protection Act. These case histories should act as cautionary tales that teach union members to be vigilant and to use all the tools the law gives them to keep a close eye on their pensions, and their leaders.

SOUTHERN CALIFORNIA, ARIZONA, COLORADO AND NEVADA GLAZIERS

The Southern California, Arizona, Colorado & Southern Nevada Glaziers, Architectural Metal & Glass Workers Pension Plan became insolvent in January 2010. With assets of just \$32 million to cover future liabilities of \$266 million in 2007 (a funding ratio of just 12 percent), union members were informed in April 2008¹⁸ that regardless of the level of cuts to their future benefits the pension plan would become insolvent during 2009. No matter how meticulously members had planned and budgeted for their well-earned retirements, they were now entitled at most to \$12,870 per year for 30 years of service, the maximum amount payable by the PBGC. As mentioned above, the PBCG guarantees that at least some portion of member's pension benefits will be paid if the pension plan becomes insolvent.

The union had plenty of scapegoats to blame for this dire predicament—and did. The explanations all reflected poorly on the union leaders' judgments.

In 1989, two men named Robert Ferrante and Peter Sardagna convinced the Glaziers pension managers to invest \$34 million in a parcel of land in Carson, California. The land, which had previously been a landfill, was to be cleaned and resold as a shopping center, and so the pension fund could expect to realize a profit. The administrators continued to pay Mr. Sardagna as an independent consultant until 1995.¹⁹

The union and plan administrators then agreed to the creation of a tangled financial relationship. The Glaziers' pension plan formed a limited-liability corporation to manage the property, and agreed that Mr. Sardagna would aim to earn the pension a 15 percent return, plus \$6 million (about \$10 million in total). The administrators established that if the property sold for more than \$44 million, Mr. Sardagna would receive 99 percent of the profits above that amount, even though the union had put \$34 million at risk. Furthermore, the fund agreed to sell the property only with Mr. Sardagna's consent.²⁰

This should have been a warning to union members. Not only was a man totally unconnected with the union given power over deciding the fate of a large asset of their pension fund, but money earned by union investments was going to be lost to an outsider, with the consent of their union leaders. This suggested the possibility of a corrupt relationship between Mr. Sardagna and union officials.

With a cursory investigation, the union should have known that Mr. Sardagna was the owner of a failed savings and loan. His blaming the collapse of the savings and loan on bad loans related to the Carson property later bought by the union pension fund ought to have been another warning sign. But under the advice of its investment manager, William Seay, the pension trust went ahead with the purchase.

However, when the pension trust was sued by the California government to clean up the landfill, the trustees sued the oil companies that they said were responsible for the

contamination. They eventually discovered that Mr. Seay had been a part-owner of the land. Moreover, he contributed to unfounded union optimism about the value of the land, encouraging the union to continue to invest up to \$34 million, despite hefty clean-up costs needed to make it a viable construction site. Mr. Seay had once been a limited partner in the original owner of the property, and had previous dealings with Mr. Ferrante.²¹

In 2005, the union won back \$243,945 from bribes Mr. Ferrante accepted from a real estate developer,²² and in 2003 Mr. Seay was convicted on charges of mail fraud for deceiving the union regarding his financial interest in their investments.²³ The Glaziers finally sold the property in 2004 for \$30 million, at a loss, to a development group looking to create a shopping center and residential area.²⁴ It is possible the site will eventually show a profit, but the rank-and-file Glaziers will not realize these gains.

Technically, the wrongdoers in this case were Messrs Sardagna, Ferrante, and Seay. But the pension trustees saw nothing wrong with their investment advice and Mr. Sardagna's questionable financial arrangements until the corruption became fully evident. The trustees were not skeptical and vigilant from the beginning, as their fiduciary responsibility required. The union leadership gets points for ousting Mr. Seay, and for disentangling itself from Mr. Sardagna. But it is the union's duty to appoint responsible managers to its pension funds, and to perform due diligence in ensuring the managers did their jobs. Mr. Seay also managed other Glaziers' funds poorly. Unions can easily blame fund managers for poor performance, but when the fund is free to choose its own administrators, the fault lies with the overseers—union leaders appointed to the board of trustees.

THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

The IBEW represents over 700,000 workers in the electrical industry in the United States and Canada. The membership consists primarily of electricians and workers in closely related fields in the construction, telecommunications, broadcasting, public utilities and computer industries.

The union is divided into a number of departments, with the Investment/Employees' 401(k) Plan Department providing assistance to the officers on investing members' pension funds. On its Web site the Plan Department features the 5-year average rate of return of 10.67 percent of the IBEW Pension Benefit Fund. In light of the collapse of equity and real estate markets in 2008 and early 2009 this seems, on first glance, a remarkable feat of both risk management and asset allocation.

On closer examination the figures cited by the IBEW are misleading. The reported performance window is May 2003 through May 2008—from the beginning to the end of the most recent bull market. From the perspective of the summer of 2010, this is extremely misleading and gives a much more flattering impression of the health of portfolios than is the case. Since May 2008 global equity markets are down about 20 percent, real estate prices have fallen sharply and the rate of return on cash deposits has collapsed.

In addition to misleading rank and file members about the investment performance of their retirement funds, no mention is made about the actual funding deficiencies of a large number of IBEW affiliated pension funds. Over the last three years 19 IBEW affiliated pension funds have filed critical status or endangered notices with the Department of Labor. These IBEW funds cover almost 40,000 workers and in 2007 (the latest year from which comprehensive data is publicly available) had assets of \$1.2bn and future liabilities of \$2.1bn, equating to a funding ratio of just 58 percent. This was before the recession, which has likely further eroded the value of the assets held.

Thanks to a separate pension fund for officers, the IBEW's officers and employees can plan for their future retirements with confidence. The Pension Plan for International Officers, Representatives and Assistants of the International Brotherhood of Electrical Workers and the Pension Plan for Office Employees of the International Brotherhood of Electrical Workers had funding ratios of 103 percent and 104 percent respectively in 2007.

Despite the misleading boasts about the quality of their investment performance, the IBEW has done a poor job of securing the retirement benefits of its members. It should devote the same time and energy to funding and managing

the pension plans of its hard-working rank and file members as it does its own officers and employees. In addition, the \$6.2 million spent on donations to political campaigns between July 2008 and July 2009 would have been better utilized shoring up the financial futures of its members. According to the Center for Responsive Politics, in the 2008 election cycle the IBEW contributed \$17 and \$5.9 million to political action committees and 527 groups respectively.

The IBEW may want to exercise some of the budgetary restraint increasingly evident in the corporate sector in recent years. The union spent \$48,619 on a 2008 Christmas party at a Washington hotel²⁵ as the U.S. economy entered a deep recession and unemployment soared—a misuse of union dues. The union also hosted meetings at locations such as the Ritz Carlton, Miami Beach Resort & Spa, Caesars Atlantic City and the Sundial Beach & Golf Resort.²⁶

UNITED FOOD AND COMMERCIAL WORKERS UNION

Established in 1979, the UFCW comprises approximately 1.4 million members in a diverse set of industries including supermarkets, packinghouses, poultry processing plants and manufacturing. Companies include Macy's, Kroger, Levi Strauss & Co, Campbell Soups, Heinz, Molson and Jim Beam.

In addition to regional divisions, the UFCW consists of a number of departments including Civil Rights and Community Action, Collective Bargaining, Legislative and Political Action, and the Capital Stewardship Program. The latter has two main roles—protecting the pension savings of the rank and file and promoting “union-friendly” corporate policies in companies where it has shareholdings.

According to its Web site, “In times when reckless corporate looting and poor risk management—as seen in the recent financial market meltdown that sparked the global economic recession—bring down companies and cost shareholders billions of dollars, the UFCW Capital Stewardship Program spearheads the Union’s efforts to protect the retirement security of UFCW members and promote corporate best practices and reform.”²⁷

The UFCW and its Capital Stewardship Program are not protecting the retirement security of their members. Over the last 3 years alone, 1 UFCW-affiliated pension fund has become insolvent and 19 have filed “critical status notices” with the Labor Department. In 2007, the latest year in which data on these pension funds are publicly available, they had combined assets of approximately \$9.0 billion and liabilities of over \$15 billion—a funding ratio of just 59 percent, even before the recession. Hence, absent dramatic increases in contributions and reductions in member benefits, the funding ratios are now considerably lower. Almost half a million workers covered by these plans—equivalent to the entire work force of Rhode Island—can have very little confidence in planning for their hard earned retirement.

In contrast, the pensions of the union’s own staff and officers have no funding problems. For example, in 2007 the Pension Plan for Employees of United Food & Commercial Workers Union Employer Health & Welfare Fund had a funding ratio of 98 percent.

It is unfortunate that almost 30 percent of UFCW assets are in pension plans where not even 65 percent of total future liabilities are covered. Moreover, the union is deceiving its members if it keeps blaming the corporate sector for the poor state of their retirement funds.

The UFCW would be better off using some of the time and money lavished on political campaigns over recent years to secure the futures of its hard-working members and their subsequent generations. Even in 2009, a non-election year, the union spent almost \$5 million on Political Activities and Lobbying, after \$10.2 million in 2008.

SERVICES EMPLOYEES INTERNATIONAL UNION

Three of SEIU’s pension funds were in endangered status as of 2008, and of these the 1199 SEIU Greater New York Pension Plan announced that it was in critical status in 2009.²⁸ The Local 32BJ District 36 Building Maintenance Pension and the Local 32BJ District Operators Pensions cover together 7,000 people, with the 1199 SEIU Greater New York Pension Plan having 29,000 members—36,000 in

New York in all. Under the 2006 Pension Protection Act, these workers are not allowed to win increased pensions in new rounds of bargaining, and in many cases have to accept lower benefit accrual rates—which imply smaller annuities than promised and expected—until the fund is fully funded again.

Of somewhat greater concern, due to its sheer size and scope, the 1199 SEIU Health Care Employees Pension plan (a distinct fund from the Greater New York plan) declared itself to be in critical status in March, 2009. This endangers the future income security of almost 200,000 health care workers in New York, Maryland, Massachusetts, and New Jersey. At the beginning of 2007, this fund had assets of \$8.3 billion, but in the two years following the last Form 5500 filed by the fund, it lost one-third of its value.²⁹ This would be enough to reduce the funding ratio from 90 percent to 60 percent, assuming the one-third loss occurred starting in 2008. It would be easy to blame this decline on the economy and the stock market, and it is true that many pensions lost a lot of money as a result of the recession and stock-market slide. But it is also true that a large number of well-funded pensions did not lose one-third of their assets as a result of the recession.

While the SEIU National Industry Pension Fund once boasted about its well-funded plan, a 2007 letter from the trustees reveals that the stability was achieved at the cost of cutting union members' future pensions.³⁰ The 1199 representatives, however, according to one source, refused to bring a reduction in future pension benefits to the bargaining table when they entered into negotiations to repair their failing plan.³¹ Their desire to protect rank-and-file pensions would be admirable were they not holding out for a promise they cannot keep—not without more money that neither the union nor employers have.

The national union is not responsible for the funding status of a district pension fund. The leaders of that district, together with the employers' representatives, have that responsibility. But the national pension fund had the right idea, cutting future benefits in the face of an international economic crisis. This sort of advice would have been critical to the 1199 Pension Fund in 2007, when it still had a strong funding ratio, but the national union leaders that claim

credit for keeping the national plan well-funded did not deem fit to share this insight with their locals. The end result is stunning in its inequity: 1,000 District of Columbia and Maryland nurses are facing a failing pension while the Officers and Employees pension plan (102 percent funded as of 2007) flourishes.

In the future, before advertising the stability of its National Pension Fund, the SEIU may want to ensure that the pensions of around a quarter of a million of its other members are not at significant risk. Meanwhile, the SEIU should consider devoting more of its resources to securing the retirement future of its members, rather than lavishing millions on political campaigns and getting involved in petty turf wars with other unions. Indeed, according to the Center for Responsible Politics, in the 2010 election cycle it has spent \$31.1 million on political action committees and \$6.7 million on 527 groups.

Moreover, no sooner has the SEIU resolved an ongoing battle with UNITE HERE regarding jurisdiction and asset distribution issues, it is now bullying the 4,800-strong Engineers and Architects Association because its members look ready to accept a deal with the city of LA to address the steadily rising costs of employee healthcare benefits. Interim Executive Director of the Engineer and Architects, Michael Davis, suggests that the SEIU's motives lay more with trying to raid his union's membership—as on a previous occasion.

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

“You deserve to spend your retirement doing whatever makes you happy and fulfilled. But to do that, you'll need monthly income you can rely on.” These are the words of wisdom provided by the International Brotherhood of Teamsters to members on the 401(k) section of its Web site. Unfortunately, the union is failing badly in its promise to its workers and nowhere is the chronic underfunding of union pensions more evident than with the Teamsters union.

Over 40 Teamsters-affiliated pension funds are now in either critical or endangered status, putting in severe jeopardy the retirement plans of three-quarters of a million

union members—about 40 percent of current rank and file and retirees.³² Using the latest comprehensively available data (predominantly from the first half of 2007)—a time when global stock markets remained very strong—shows that even then these pension funds had a deficit of over \$36 billion (not far shy of Greece’s 2009 budget deficit). This equates to a funding ratio of just over 48 percent.³³ It is likely that further deterioration has occurred since this time.

An example using two major Teamster affiliated pension plans—the Central States Fund and the Western Conference Teamsters pension—highlights why the unions’ tendency to blame all the problems on the economy and the stock markets holds very little water.

At the end of 2006, the Central States Pension Fund covered over 451,000 workers, with about 155,000 of them currently employed. In 2007, UPS, the parcel delivery company, bought out the contracts for 44,000 of those workers, paying the fund \$6.1 billion and shrinking the number of current workers covered by the plan to about 106,000. The cash infusion, however, was not enough, and the fund determined it was in critical status in 2008.³⁴ At the end of the first quarter of 2009 the fund had \$15.66 billion in assets—down from \$17.36 billion at the end of 2008 and \$20.67 billion in 2007.³⁵ Given the fund’s liabilities were more than \$44 billion in 2007, the current funding deficit could be close to \$30 billion. The dire outlook was recently acknowledged by the fund’s Executive Director Thomas C. Nyhan in testimony before the Senate. He suggested that absent corrective action, the fund could become insolvent in 10 to 15 years.³⁶

In contrast, the Western Conference Teamsters pension, with over 500,000 participants, was in no such difficulty and anticipates few, if any, problems in the future. In 2007, its funding ratio was 80 percent, and according to the annual funding notice from the fund’s actuary, it was 97 percent funded in 2008.³⁷ It has dropped back to an 85 percent funding level in 2009, but reasonably expects to be fully funded without any extraordinary efforts.

There are three major differences between these funds. First, the Central States Fund is managed by J.P. Morgan and Goldman Sachs, a holdover from a court decision made in response to the late Jimmy Hoffa’s mismanagement of Teamster pension funds decades ago. (Hoffa was president

of the international union in 1958-1971.) In contrast, the Western Conference is controlled by the union and participating employers. It is tempting for unions and their supporters to blame the banks for poor performance, except that the same problems have plagued union pensions that are not controlled by court-appointed banks.

Another difference is investment strategy. Over two-thirds of the Central States investments have generally been in stocks, making its fund value heavily dependent on market performance.³⁸ The Western Conference funds are slanted towards more conservative, diversified assets. In 2004, the Western Conference trustees held 56 percent of the fund in government and corporate bonds, 39 percent in stock, and 5 percent in real estate.³⁹ The Central States Fund’s recent filings list 1.5 percent of their assets held in “other, primarily real estate related” sources.⁴⁰ But this is a disingenuous statistic, given that Central States’ fund holds 33 percent of its assets in “fixed income” investments.⁴¹ Fixed income securities include real estate investment trusts and GNMA mortgage backed securities. It is therefore uncertain how much of the fund is and was invested in real estate, an ironic state of affairs given that the current pension structure came about as a result of Central States’ historical real estate investments maintained by organized crime.

Arguments have been made that the bank-managed pension fund has a bias towards high-risk, high-reward investments, rather than the less risky investments the Western Conference engages in. But saying that the trustees have no capacity to suggest or require more conservative investment strategies is dubious. It is far more likely that the trustees have been in favor of the high-risk strategy in the hope of high rewards. After all, the pensions on the line are for rank-and-file members, not the trustees.

The third difference between the funds is one that Central States cannot blame on the economy, the fiduciary managers, or employers. In 2001-03, the Central States struggled with poor performance and a falling funding percentage. There were serious concerns that the PBGC would be forced to take over the fund, reducing guaranteed pensions to the maximum of \$12,870 a year for a worker with 30 years of service.⁴²

This was averted only by the Central States and its contributing employers developing a rescue plan that involved

reducing future accruals of benefits, shuffling health and welfare benefit contributions to the pension plan, and requesting the IRS to waive minimum funding standards for a decade.⁴³ This waiver was contingent on the Central States maintaining a stable funding ratio, which they failed to do, and the fund applied for a second waiver in 2008.⁴⁴

In 2003, the Western Conference embarked on a similar recovery plan. Poor economic performance had caused \$5 billion in losses that required the fund to cut accruals for future benefits.⁴⁵ They expected current benefits to soon exceed the fund's assets, which could hoist red flags at the IRS.

When the Western Conference reduced future benefits to protect the plan's funding ratio, it was already fully funded.⁴⁶ The actuaries knew that future benefits had to be reduced to keep the fund's ratio from slipping in the future, and did so to ensure that the benefits the rank-and-file had accrued would be protected.

The Central States, meanwhile, was trying to portray its fund's critical status as somehow positive. It argued in a 2008 newsletter to members that endangered plans (better funded than critical plans) are required to significantly increase contribution rates, develop a strict 10-year recovery plan, and possibly eliminate future benefit accruals.⁴⁷ Plans in critical condition are permitted a longer recovery period, and do not allow the fund to reduce benefit accruals below the Central States' current rate.

While Central States did not lie about regulations, this rosy picture was a sugar-coated way for the Central States administrators to tell members that their pension plan won't be solvent for more than a decade, while better-off plans will

have recovered faster, not to mention the fact that the plan would still have one-half or less of assets needed to pay all obligations.

The Teamsters for a Democratic Union,⁴⁸ a dissident faction within the union, recognized that the administrators were not telling them enough. This faction thought Teamsters members ought to be able to see what was being done with their retirement money and demand accountability for poor performance. They asked to see the plan's quarterly financial reports, and when that failed, sued for access.⁴⁹

The problem with the Central States has been going on for years. Only the Pension Protection Act, fiercely opposed by the Teamsters, forced the Central States to take decisive action to shore up its pension fund. The Western Conference fund shows that it is possible for a plan to remain solvent even in deteriorated economic conditions. All it takes is a little foresight, a little restraint, and a willingness to communicate to members. The Central States seems to have none of these.

In summary, a large number of Teamster affiliated pension plans have severe funding problems, putting at risk the retirement plans of approximately three quarters of a million of the union's members. Moreover, the example of the Western Conference Teamsters plan shows that the economy is not solely to blame. The Western Conference showed flexibility, reducing benefits after the 2001 recession and hence, avoiding the fate of many of its peers. The Teamsters Web site contains no mention or sense of urgency about the pension funding crisis affecting rank-and-file members. At the same time, the pension plan for union officers was 96 percent funded.

Conclusions

Despite their rhetoric, unions cannot deliver a retirement more secure than that offered by non-union plans. By standardized measurements, union-run pension plans fare consistently worse than their non-union counterparts. As noted above, while 59 percent of union funds had 80 percent or more of the assets needed to pay expected costs, 86 percent of non-union funds did. Unions may promise their members superior benefits, but they do not deliver.

Union leadership has contributed to this problem by negotiating for pension benefits that are more than affordable, often seeking pension increases in the face of consistent employer warnings about cost. Many unions believe that increasing benefits is more important than keeping pension funds fully funded.

Trustees need to make wise, informed decisions to help pension funds remain stable. Funds with conservative investment strategies, especially those with lower stock and real estate holdings, have fared far better than those with high-risk investment strategies. But negotiators have to commit themselves to supporting higher funding ratios by raising contributions, increasing the retirement age, and reducing benefits. Further, pension funds need to steer clear of risky investments with conflicts of interest.

The Pension Protection Act has gone a long way towards forcing unions with troubled funds to negotiate for more affordable benefits, but labor needs to work more proactively. After all, it is cheaper to pay now to keep a fund from slipping than to wait until assets depreciate and someone is required to pay again to keep the fund solvent. Furthermore, labor leaders ought to recognize how benefits influence overall pension costs and how this affects funding ratios. Even modest increases in benefits can cause large increases in future obligations. In short, benefit increases are not always in the workers' best interests if payouts cannot be

guaranteed. Unsustainable gains in benefits lead to expectations that must ultimately be disappointed.

Many union leaders have few incentives, however, to take such a proactive, cautious view. Their own pension plans are often separate from their members', meaning that a failed rank-and-file pension plan has no personal, pocketbook effect on the leaders. The sound condition of union leaders' pension plans relative to the condition of rank-and-file plans demonstrates that union leaders know how to properly manage pension plans, and therefore must have some idea about how they are endangering workers' futures. Officer pensions tend to be run by officers themselves, proving that individuals are far better off when in charge of their own financial future.

The real problem is the opacity of union pension financing, and the lack of accountability required of union leaders. The Pension Protection Act has exposed more than 300 poorly-funded plans, forcing them to take account of their insecure positions and to make efforts to rebuild. Yet, even with the Act, bizarre entanglements like those of the Glaziers are possible, and the expenses of some pension funds are still shrouded in mystery.

The Act has had other positive effects, some lambasted by unions. Struggling plans cannot increase benefits, and must limit non-standard pension options, preventing plans in poor condition from further expanding pension costs. The Act also requires unions to give participating employers options when their workers' pension plans are in trouble. No union can simply demand an employer increase contributions to support a flagging pension fund.

Yet the law deals only with the symptoms of the problem. Forcing pension plans to bring their accounting back into order is a good idea, but fails to address the fundamental problem that union members have few assurances that the trustees of their pension funds are truly acting in their best

interest. The continued poor status of union-run pension plans suggests that union trustees are not adequately working towards ensuring that rank-and-file members will have stable financial futures.

Unions are eager to point out the flaws in defined contribution plans, and certainly the current economic downturn demonstrates such flaws. But defined benefit pension plans have fared just as poorly, and, unlike with a defined contribution plan, workers cannot identify the exact loss and its effects. Given the expertise union leaders have shown in managing their own pensions, they could easily offer advice to workers to help them protect their futures.

With only 12 percent of the workforce belonging to unions, and not all the multiemployer funds in financial difficulty, some might say that most Americans do not have to be concerned with the financial state of union pension plans. But the proposed union pension bailout bills make this a national problem. Legislation is being considered in Congress that would bail out these funds at cost of \$165 billion.

This means that what should be a financial issue to be resolved between workers, unions, and employers might well be dumped on the American taxpayer. Representatives Earl Pomeroy and Patrick Tiberi have sponsored legislation that would give the PBGC unlimited funds to bail out multiemployer plans, potentially increasing the deficit by hundreds of billions of dollars. A similar bill sponsored by Senator Robert Casey starts with bailouts of some pension funds, but then leaves wiggle-room for bailing out others.

It is not only multiemployer pension funds that are in trouble. State pension funds face their own sets of problems, and are reputedly underfunded by \$2 trillion. As with the multiemployer funds, the temptation is for Uncle Sam to come to the rescue. With fiscal deficits of \$1.5 trillion projected next fiscal year, that would be a disaster for the U.S. budget.

Whether workers continue to prefer defined benefit plans or push for more defined contribution plans, it is clear they need to demand more accountability from union leadership, to ensure that they can achieve promised benefits. ■

APPENDICES
BIBLIOGRAPHY
NOTES

Appendix I

PLANS IN CRITICAL CONDITION

This section compiles the lists of plans which have been reported as being in critical or endangered status due to underfunding or other factors, or elected to file WRERA notices and freeze their funding status at the previous year's level. The entire list can be found at <http://www.dol.gov/ebsa/criticalstatusnotices.html>.

2010 CRITICAL STATUS

SERIAL NO.	PLANS
1.	Asbestos Workers Local No 53 Pension Plan
2.	Central States Southeast and Southwest Areas Pension Fund
3.	Cleveland Soft Drink Workers Pension Plan
4.	Composition Roofers Local 4 Pension Plan
5.	CWA/ITU Negotiated Pension Plan
6.	Employers and Local 534 Meat Employees Pension Fund
7.	Glaziers Local No 387 Pension Plan
8.	IATSE Local No 16 Pension Plan
9.	IBEW Local 1249 Pension Fund
10.	International Brotherhood of Electrical Workers Local 1158 Pension Fund
11.	IRC-CMMIC Local 721 Pension Trust Fund
12.	Iron Workers Mid-South Pension Plan
13.	Iron Workers-Laborers Pension Plan of Cumberland Maryland
14.	Laborers Local 265 Pension Plan
15.	Local 150 Hotel and Industry Pension Plan
16.	Teamsters Local 804 Pension Fund
17.	Teamsters Local 837 Pension Plan
18.	Oregon Retail Employees Pension Trust
19.	Plumbers and Steamfitters Local 106 Pension Trust Fund
20.	Sheet Metal Workers National Pension Fund
21.	Sheet Metal Workers Pension Plan of Northern California

22. U.A. Local Union No 322 Pension Plan
23. UFCW Local 1776 and Participating Employers Pension Fund
24. UFCW Unions and Food Employers Pension Plan of Central Ohio
25. Union De Tronquistas De Puerto Rico Local 901
26. UNITE HERE National Retirement Fund
27. United Food and Commercial Workers Unions and Employers Pension Fund

(Source: The Department of Labor, Critical, Endangered, and WRERA Status Notices).

2010 ENDANGERED STATUS

SERIAL NO.	PLANS
1.	Bakery Drivers and Salesmen Local 194 and Industry Pension Fund
2.	Basic Pension Plan for Employees of Jewish Federation Council of Greater Los Angeles
3.	Central Pennsylvania Teamsters Pension Fund
4.	Florida Trowel Trades Pension Fund
5.	Hawaii Terminals Multiemployer Pension Plan
6.	IBEW Local 237 Pension Fund
7.	IBEW Local Union No 654 Defined Benefit Pension Fund
8.	International Brotherhood of Electrical Workers Local 98 Pension Plan
9.	Local No 697 IBEW and Electrical Industry Pension Fund
10.	Metal Engravers Union Local 34 Pension Plan
11.	Pension Plan of the Minneapolis Painting Industry Pension Fund
12.	New York State Teamsters Conference Pension and Retirement Fund
13.	Plumbers Pipe Fitters and Apprentices Local Union No 112 Pension Plan
14.	SEIU Local 32BJ District 36 Building Maintenance Contractors Association Pension Plan
15.	Sheet Metal Workers Local 85 Pension Plan
16.	U.A. Union Local No 290 Plumber, Steamfitter and Ship fitter Industry Pension Trust

(Source: The Department of Labor Critical, Endangered, and WRERA Status Notices).

2010 WRERA STATUS

SERIAL NO.	PLANS
1.	Atlanta Iron Workers Local Union No 387 Pension Plan
2.	Minneapolis Retail Meat Cutters and Food Handlers Pension and Health and Wealth Funds
3.	Twin City Workers Pension Plan

(Source: The Department of Labor Critical, Endangered, and WRERA Status Notices).

2009 CRITICAL STATUS

SERIAL NO.	PLANS
1.	1199SEIU Greater New York Pension Plan
2.	1199SEIU Health Care Employees Pension Plan
3.	Aluminum, Brick and Glass Workers International Union, AFL-CIO, CLC, Eastern District Council No 12 Pension Plan
4.	American Maritime Officers Pension Plan
5.	Americas Family Defined Benefit Pension Fund
6.	Asbestos Workers Local No 4 Pension Plan
7.	Asbestos Workers Local No 53 Pension Plan
8.	Asbestos Workers Syracuse Pension Plan
9.	Asbestos Workers Union Local 64 Pension Fund
10.	Automotive Machinists Pension Trust
11.	Bakery Drivers Local 802 Pension Fund
12.	Bar and Restaurant and On Sale Pension Fund
13.	Bricklayers and Stone Masons Union Local No 2 Pension Plan
14.	Bricklayers Union Local 1 Pension Fund of Virginia
15.	Building Material Drivers Union Local 436 Pension Fund
16.	Building Material Drivers Union Local 436 Pension Fund
17.	California Winery Workers Pension Trust
18.	Carpenters Pension Trust Fund For Northern California
19.	Cattle Shochtim Union Local 491 Pension Plan
20.	Cement Masons Local 783 Pension Trust

21. Central States Southeast and Southwest Areas Pension Fund
22. Chicago Moving Picture Machine Operators Union Local 110 of the IATSE and M.P.M.O.
Severance Trust
23. CIC-TOC Pension Plan
24. Cleveland Bakers and Teamsters Pension Fund
25. Cleveland Soft Drink Workers Pension Fund Teamsters Union Local 1164
26. CMTA-Tool and Die Craftsmen Association Pension Trust
27. Contractors, Laborers, Teamsters and Engineers Pension Plan
28. Denver Area Meat Cutters and Employers Pension Plan
29. Desert States Employers and UFCW Unions Pension Plan
30. Detroit Typographical Union 18 with Detroit Newspaper Publishers Retirement Income Plan
31. District Union Local One United Food and Commercial Workers Benefit Funds
32. Eighth District Electrical Pension Fund
33. Electricians Pension Plan, IBEW 995
34. Employer-Local 375 Pension Fund
35. Food Employers Labor Relations Association and United Food and Commercial
Workers Pension Fund
36. Food Employers Labor Relations Association and United Food and Commercial
Workers Pension Fund
37. Freight Drivers and Helpers Local Union No 557 Pension Fund
38. Gastronomical Workers Union Local 610 and Metropolitan Hotel Association Pension Fund
39. Heat and Frost Insulators and Allied Workers Local 32 Pension Fund
40. IBEW Local 1249 Pension Fund
41. IBEW Local Union 380 Pension Plan 2
42. IBEW Pacific Coast Pension Fund
43. Idaho Signatory Employers - Laborers Pension Plan
44. International Association of Bridge, Structural, Ornamental and Reinforcing Ironworks
Local Union No 79 Pension Fund
45. International Association of Heat and Frost Insulators and Allied Workers Local No 81
Benefits Funds
46. International Association of Heat and Frost Insulators and Allied Workers Local No 81
Benefits Funds
47. International Association of Heat and Frost Insulators and Allied Workers Local No 81
Benefits Funds
48. International Brotherhood of Electrical Workers Eastern States Pension Plan

49. International Brotherhood of Electrical Workers Local Union 380 Pension Plan
50. International Brotherhood of Teamsters Local 805 Pension and Retirement Fund
51. International Longshoremens Association Local Union No 1922 Pension Fund
52. Iron Workers Local 25 Pension Fund
53. Iron Workers Local No 12 Pension Fund
54. Iron Workers-Laborers Pension Plan of Cumberland Maryland
55. Joint Board 18 Pension Fund
56. Laborers Local 157 Pension Plan
57. Laborers Local 186 Pension Plan
58. Local 1245 Labor-Management Pension Plan
59. Local 138 Pension Trust Fund
60. Local 1482 Paint and Allied Products Manufacturers Retirement Fund
61. Local 150 Hotel and Industry Pension Fund
62. Local 18 International Union of Police and Protection Employees I.S.O.P.G Pension Plan
63. Local 305 - C.I.O.s Pension Fund
64. Local 731, IB of T Textile Maintenance and Laundry Craft Pension Fund
65. Local 734 Pension Plan
66. Local 840 Pension Fund
67. Local Union 373 U.A. Pension Plan
68. Local Union 863 IB of T Pension Plan
69. Louisiana Carpenters Pension Plan
70. Louisiana Carpenters Regional Council Pension Fund
71. Machinery Movers, Riggers, and Machinery Erectors Local 136 Supplemental Plan
72. Maintenance Employees Teamsters Union Local No 416 of Cleveland Pension Fund
73. Media Guild Retirement Plan
74. Metropolitan Distributing Company Local 87 Distributor Pension Plan
75. Michigan Carpenters Pension Fund
76. Michigan Laborers Pension Fund
77. Milk Industry Office Employees Pension Plan
78. Millwrights and Machinery Erectors Local Union No 1545 Pension Plan
79. National Integrated Group Pension Plan
80. New Bedford Longshoremens Pension Plan
81. New England Teamsters and Trucking Industry Pension Fund
82. Northern California Plastering Industry Pension Plan
83. Oregon Retail Employees Pension Trust

84. Oregon Retail Employees Pension Trust Fund
85. Pacific Coast Shipyards Pension Fund
86. Painters and Allied Trades Paint Makers Pension Plan
87. Pension Plan for Employees of the SEIU
88. Pension Plan of the Pension Fund of Amalgamated, Industrial and Toy & Novelty Workers of America, Local 223
89. Pension Plan Private Sanitation Union, Local 813 IB of T
90. Pension Plan Private Sanitation Union, Local 813 IB of T
91. Plasterers and Cement Masons Local No 783 Pension Plan and Trust
92. Plumbers and Steamfitters 298 Jurisdiction Pension Plan
93. Plumbers and Steamfitters Local 267 Pension Plan
94. Plumbers and Steamfitters Local No 166 AFL-CIO Pension Plan
95. Plumbers Local 773 Pension Fund
96. Plumbers Local 773 Pension Plan
97. Plumbers, Pipe Fitters & MES Local Union No 392 Pension Plan
98. Plumbers, Steamfitters and Apprentices Local 206 Pension Plan
99. Printing Local 72 Industry Pension Plan
100. Radio Television and Recording Arts Pension Fund
101. Retail Bakers Pension Trust Fund
102. Road Carriers Local 707 Pension Plan
103. Rocky Mountain UFCW Unions and Employers Pension Plan
104. Roofers Local No 74 / No 203 Pension Plan
105. San Diego County Teamsters Pension Plan
106. SEIU National Industry Pension Fund
107. Service Employees 32BJ North Pension Fund
108. Sheet Metal Workers Local 292 Pension Fund
109. Sheet Metal Workers Local No 20 South Bend Area Pension Plan
110. Sheet Metal Workers Local No 40 Pension Plan
111. Sheet Metal Workers Local Pension Fund
112. Sign Pictorial and Display Union Local No 591 AFL-CIO Pension Fund
113. Soft Drink Industry Local Union No 744 Pension Fund
114. Southern California United Food and Commercial Workers Unions and Food Employers Joint Pension Trust Fund
115. Southern California, Arizona, Colorado and Southern Nevada Glaziers, Architectural Metal and Glass Workers Pension Trust

116. St. Louis Motion Picture Operators Pension Fund
117. Tacoma Millmens Retirement Trust
118. Teamsters Local 641 Pension Plan
119. Teamsters Local 813 Pension Trust Fund
120. Teamsters Negotiated Pension Plan
121. Teamsters Union Local No 52 Pension Fund
122. Textile Processors Service Trades Health Care Professional and Technical Employees Local 1 Pension Plan
123. UA Local 190 Plumbers, Pipe Fitters, Service Technicians, Gas Distribution Pension Plan
124. UFCW District Union Local Two and Employers Pension Fund
125. UFCW Pension Fund of Northeastern Pennsylvania
126. UFCW Pension Fund of Northeastern Pennsylvania
127. Union De Tronquistas De Puerto Rico, Local 901, Pension Plan
128. United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada Local 198 AFL-CIL Pension Plan
129. United Food and Commercial Workers Regional Pension Fund
130. United Food and Commercial Workers Union - Employer Pension Fund
131. United Food and Commercial Workers Union and Participating Food Industry Employers Tri-State Pension Fund
132. United Food and Commercial Workers Union Local 152 Retail Meat Pension Plan
133. United Food and Commercial Workers Union Local 880 - Mercantile Employers Joint Pension Plan
134. United Food and Commercial Workers Unions and Employers Pension Fund
135. United Teamster Pension Fund - A
136. Warehouse Employees Union Local No 730 Pension Trust Fund
137. Washington Meat Industry Pension Plan
138. Washington-Idaho Laborers-Employers Pension Plan
139. Washington-Idaho-Montana Carpenters-Employers Retirement Trust
140. Western States Office and Professional Employees Pension Trust

(Source: The Department of Labor Critical, Endangered, and WRERA Status Notices).

2009 ENDANGERED STATUS

SERIAL NO.	PLANS
1.	AFL-CIO Staff Retirement Plan
2.	Apartment Employees Pension Trust
3.	Apartment Employees Welfare Fund and Pension Trust
4.	Asbestos Workers Local 24 Medical and Pension Fund
5.	Asbestos Workers Local 24 Pension Plan
6.	BAC Local Union 15 Pension Fund
7.	Baton Rouge Sheet Metal Workers Pension Trust Fund
8.	Boston Shipping Association - International Longshoremens Pension Plan
9.	Bricklayers Union Local No 6 of Indiana Pension Fund
10.	Carpenters Local No 370 Pension Plan
11.	Cement Masons & Plasterers Local Union No 518 Pension Fund
12.	Central Pennsylvania Teamsters Pension Fund
13.	Chicago Area IB of T Pension Trust Fund
14.	Construction and General Laborers Local 190 Pension Plan
15.	Construction Industry and Laborers Joint Pension Trust of Southern Nevada
16.	Cumberland Maryland Teamsters Construction and Miscellaneous Pension Fund
17.	Dairy Industry - Union Pension Plan for Philadelphia and Vicinity
18.	Engineers A.G.C. Retirement Trust Fund of the Inland Empire
19.	Flint Plumbing and Pipe Fitting Fringe Benefit Funds
20.	Florida Trowel Trades Pension Fund
21.	Glaziers Local Union No 558 Pension Fund
22.	Glaziers Local Union No 558 Pension Fund
23.	Hawaii Stevedoring Multiemployer Pension Plan
24.	Hawaii Stevedoring Multiemployer Pension Plan
25.	Hawaii Terminals Multiemployer Pension Plan
26.	IBEW Local 237 Pension Fund
27.	IBEW Local 237 Pension Plan
28.	IBEW Local 363 Pension Plan
29.	IBEW Local Union No 654 Pension Fund
30.	Insulators Local No 27 Pension Plan

31. Insulators Local No 27 Pension Plan
32. International Brotherhood of Electrical Workers Local 98 Pension Plan
33. International Brotherhood of Electrical Workers Local 98 Pension Plan
34. International Brotherhood of Electrical Workers Local No 38 Pension Fund
35. International Brotherhood of Electrical Workers Local Union 212 Pension Plan
36. Iron Workers District Council (Philadelphia and Vicinity) Retirement and Pension Plan
37. Ironworkers Local Union No 167 Pension Fund
38. Ironworkers Local Union No 167 Pension Plan
39. Ironworkers Locals 549 and 550 Pension Plan
40. Jewish Federation Council of Greater Los Angeles Basic Pension Plan
41. Joint Pension Local Union No 164 IBEW
42. Joint Pension Local Union No 164 IBEW
43. Joint Pension Local Union No 164 IBEW
44. Laborers Local 17 Pension Fund
45. Laborers Local 17 Pension Fund
46. Laborers Local 17 Pension Plan
47. Laborers Local No 7 Pension Plan
48. Laborers Local No 7 Pension Plan
49. Laborers Union Local No 1298 of Nassau and Suffolk Counties Pension Fund
50. Liquor and Allied Workers Union Local No 3 Pension Fund - Sales Representatives Division
51. Liquor Salesmens Union Local 2-D Pension Fund
52. Liquor Salesmens Union Local 2-D Pension Fund
53. Local 298 Pension Fund
54. Local 705 International Brotherhood of Teamsters Pension Plan
55. Local 731 IB of T Excavators and Pavers Pension Trust Fund
56. Local 731 IB of T Private Scavengers and Garage Attendants Pension Trust Fund
57. Local 854 Pension Fund
58. Local 854 Pension Fund
59. Local 917 Pension Fund
60. Local No 697 IBEW and Electrical Industry Pension Fund
61. Lower Ohio Valley District Council Pension Trust Fund
62. Maryland Electrical Industry Pension Plan
63. Metal Engravers Union Local 34 Pension Plan
64. Milwaukee Brewery Workers Pension Plan
65. Minneapolis Retail Meat Cutters and Food Handlers Pension Plan

66. National Basketball Association Pension Plan for Coaches, Assistant Coaches and Trainers
67. Northwest Ironworkers Retirement Plan
68. NYSA-ILA Pension Trust Fund
69. NYSA-PPGU Pension Fund and Plan
70. OPEIU Locals 30 and 537 Retirement Fund
71. Pension Plan A of IBEW Local 357 Pension Trust Fund
72. Pension Plan for Mount Airy Branch of the Granite Cutters International Association of America, AFL-CIO
73. Pension Plan of the Minneapolis Painting Industry Pension Fund
74. Pipe fitter Local 537 Pension Plan
75. Plasterers Local 8 Pension Plan
76. Plumbers and Pipe Fitters Local No 45 Retirement Plan
77. Plumbers and Pipe Fitters Local Union No 74 Pension Plan
78. Plumbers and Steamfitters Local 486 Pension Fund
79. Plumbers and Steamfitters Local 577 Pension Plan
80. Plumbers Local Union 690 Pension Plan
81. SEIU Local 32BJ District 36 Building Maintenance Contractors Association Pension Plan
82. SEIU Local 32BJ District 36 Building Operators Pension Trust Fund
83. San Diego County Cement Masons Pension Plan
84. Sheet Metal Workers Local 112 Pension Plan
85. Sheet Metal Workers Local No 85 Pension Fund
86. South Jersey Labor and Management Pension Fund
87. Southern California Pipe Trades Retirement Fund
88. Southwest Ohio Regional Council of Carpenters Pension Fund
89. Steamfitters Local Union No 420 of Pennsylvania Pension Plan
90. Teamsters Joint Council No 46 Pension Plan
91. Teamsters Local 445 Construction Division Pension Plan
92. Teamsters Local 639 Employers Pension Trust
93. Teamsters Local 814 Welfare, Pension, and Annuity Fund
94. Teamsters Local 837 Pension Fund
95. Twin Cities and Vicinity Conference Board Pension Plan
96. Twin City Hospitals - Minnesota Nurses Association Pension Plan
97. Twin City Iron Workers Pension Plan
98. U.A. Local 38 Pipe Trades Pension trust Fund
99. Washington State Plumbing and Pipe Fitting Industry Pension Plan

- 100. Washington State Plumbing and Pipe Fitting Industry Pension Plan
- 101. West Michigan Plumbers, Fitters, and Service Trades Local Union No 174 Pension Plan
- 102. WWEC Local 863 Pension Plan

(Source: The Department of Labor Critical, Endangered, and WRERA Status Notices).

2009 WRERA STATUS

SERIAL NO.	PLANS
1.	1199 SEIU Healthcare Employees Pension Fund
2.	ACRA Local 725 Pension Plan
3.	ACRA Local 725 Seventh Amended and Restated Pension Plan
4.	ALA Lithographic Industry Pension Plan
5.	Alaska Electrical Pension Plan
6.	Alaska Ironworkers Pension Plan
7.	Alaska Laborers-Employers Retirement Fund
8.	Alaska Plumbing and Pipe Fitting Industry Pension Fund
9.	Alaska Trowel Trades Pension Trust
10.	Alaska United Food and Commercial Workers Pension Trust
11.	Allied Metal Crafts Pension Trust Fund
12.	Amalgamated Lithographers of America Local One Benefit Trust Funds
13.	Amalgamated Retail Retirement Fund
14.	American Federation of Musicians and Employers Pension Fund
15.	American Maritime Officers Pension Plan
16.	Asbestos Workers Local 31 (Rhode Island) Pension Plan
17.	Asbestos Workers Local 6 Pension Fund
18.	Asbestos Workers Local No 8 Retirement Trust Plan
19.	Bar and Restaurant and On-Sale Pension Plan
20.	Boston Plasterers, Cement Masons and Asphalt Layers Union Local No 534 Pension Plan
21.	Brick Masons Pension Trust Fund
22.	Bricklayers and Allied Craft workers Local No 2 Albany, New York Pension Fund
23.	Bricklayers and Allied Craft workers Local No 3 New York, Niagara Falls - Buffalo Chapter Pension Plan
24.	Bricklayers Gulf Coast Pension Fund

25. Bricklayers Local 22 Fringe Benefit Funds Pension Plan
26. Bricklayers Local No 55 Pension Plan
27. Bricklayers Pension Fund of West Virginia Pension Plan
28. Bricklayers Pension Trust Fund - Metropolitan Area
29. Buffalo Laborers Pension Fund
30. Building Service 32BJ Pension Fund
31. Building Trades United Pension Trust Fund
32. California Ironworkers Field Pension Trust
33. Carpenters District Council of Kansas City Pension Fund
34. Carpenters Local 948 Pension Fund
35. Carpenters Local No 496 Pension Plan
36. Carpenters Local No 66 of Olean and Vicinity Pension Fund
37. Carpenters Local Union No 345 Pension Plan
38. Carpenters Pension Fund of West Virginia
39. Cement Masons and Plasterers Retirement Fund
40. Cement Masons Local No 43 Pension Plan
41. Cement Masons Local No 524 Pension Plan
42. Cement Masons Pension Trust Fund - Detroit and Vicinity
43. Cement Masons Pension Trust Fund for Northern California
44. Central New York Laborers Pension Plan
45. Central New York Laborers Pension Plan
46. Central Ohio UFCW Unions and Retail Employers Pension Plan
47. Central Pension Fund of the International Union of Operating Engineers and Participating Employers
48. Chicago Foundry Workers Pension Plan
49. Cleveland Longshoremens Pension Fund and Plan
50. Connecticut Carpenters Pension Fund
51. Construction Workers Pension Trust Fund Lake County and Vicinity
52. Cultural Institutions Pension Plan
53. Dairy Industry - Union Pension Plan for Philadelphia and Vicinity
54. Distributors Association Warehousemens Pension Trust
55. Distributors Association Warehousemens Pension Trust
56. Dupage County Cement Masons Pension Plan
57. Electrical Workers Local 242 and 294 Pension Fund
58. Electrical Workers Local 573 Pension Fund

59. Electrical Workers Local No 26 Pension Plan
60. Employer - Industrial Sheet Metal Workers Local No 16 Pension Trust
61. Employer - Teamsters Local Nos 175 and 505 Pension Trust Fund
62. Engineers Joint Pension Fund
63. GCU Local 968 Pension Plan
64. General Pension Plan of the International Union of Operating Engineers
65. Glaziers Local 387 Pension Plan
66. Graphic Arts Local 62B Industry Pension Plan
67. Greater Wisconsin Multi-Employer Retirement Income Plan
68. Grocery/Storage Pension Plan
69. Hagerstown Motor Carriers and Teamsters Pension Fund
70. Hawaii Masons and Plasterers Pension Plan
71. Hotel Employees Restaurant Employees Pension Plan
72. IAM National Pension Fund, National Pension Plan
73. IATSE Local 16 Pension Trust Fund
74. IATSE Local 3 Pension Plan
75. IATSE Local 33 Pension Trust Fund
76. IBEW Local 1799 Pension Fund
77. IBEW Local 237 Pension Fund
78. IBEW Local 269 Pension Fund
79. IBEW Local 363 Pension Plan
80. IBEW Local 456 Pension Fund
81. IBEW Local Union 102 Pension Plan
82. IAM National Pension Fund, National Pension Plan
83. IBEW Local No 150 Pension Fund
84. IBEW Local 139 Pension Plan
85. IBEW Local 1783 Pension Fund
86. IBEW Local 1799 Pension Fund
87. IBEW Local 180 Solano and Napa Counties Electrical Workers Pension Plan
88. IBEW Local 269 Pension Fund
89. IBEW Local 351 Pension Fund
90. IBEW Local 363 Pension Plan
91. IBEW Local 456 Pension Fund
92. IBEW Local 490 Pension Plan
93. IBEW Local 688 Pension Plan

94. IBEW Local 910 Pension Fund
95. IBEW Local 952 - Ventura Division of Los Angeles County Chapter N.C.A. Pension Trust
96. IBEW Local Union 102 Pension Plan
97. IBEW Local Union 400 Pension Fund
98. IBEW Michigan Upper Peninsula Pension Plan
99. Indiana Teamsters Pension Fund
100. Intermountain Ironworkers Pension Trust
101. International Alliance of Theatrical Stage Employees - Local 22 Pension Fund
102. International Association of Heat and Frost Insulators and Allied Workers Local No 40 Pension Plan
103. International Association of Heat and Frost Insulators and Asbestos Workers Local No 127 Pension Fund
104. International Association of Heat and Frost Insulators and Allied Workers Local No 13 Pension Fund
105. International Association of Heat and Frost Insulators and Allied Workers Local No 13 Pension Fund
106. International Association of Heat and Frost Insulators and Allied Workers Local No 60 Pension Fund
107. International Association of Heat and Frost Insulators and Allied Workers Local No 60 Pension Fund
108. International Brotherhood of Electrical Workers Local 32 NECA Pension Plan
109. International Brotherhood of Electrical Workers Local 673 Pension Plan
110. International Brotherhood of Electrical Workers Local 683 Pension Fund Pension Plan
111. International Brotherhood of Electrical Workers Local Union No 1392 Pension Fund
112. International Brotherhood of Teamsters Local No 710 Pension Plan
113. International Longshoremens Association Pension Plan
114. International Longshoremens Local 1478-2 Pension Plan
115. International Union of Bricklayers and Allied Craftsmen Local Union No 3 Pension Plan
116. International Union of Operating Engineers Local 132 Pension Fund
117. International Union of Operating Engineers Local No 98 Pension Fund
118. Iron Workers Local Union 28 Pension Fund
119. Iron Workers Local Union 5 and Iron Workers Employers Association Employees Pension Trust Fund
120. Iron Workers Local Union No 808 Pension Fund
121. Ironworkers Local No 16 Pension Plan
122. Ironworkers Local No 402 Pension Trust Fund
123. Ironworkers Mid-America Pension Plan
124. Islandboatmens Union of the Pacific National Pension Plan
125. Joint Pension Local No 164 IBEW
126. Kansas Construction Trades Open End Pension Trust
127. Kern County Electrical Workers Trust Funds

128. Keystone District Council of Carpenters Pension Fund
129. Laborers District Council Pension Fund for Baltimore and Vicinity
130. Laborers International Union of North America National (Industrial) Pension Fund
131. Laborers Local 1000 Pension Fund
132. Laborers Local 103 Pension Plan
133. Laborers Local 157 Pension Fund
134. Laborers Local 91 Pension Plan
135. Laborers Local No 265 Pension Fund
136. Laborers Local No 322 Pension Plan
137. Laborers Local No 322 Pension Plan
138. Laborers Local Union No 158 Pension Plan
139. Laborers Trust Funds
140. Laundry, Dry Cleaning Workers and Allied Industries Retirement Fund
141. Licensed Tugmens and Pilots Pension Fund
142. LIUNA National (Industrial) Pension Fund
143. LIUNA Staff and Affiliates Pension Fund
144. LIUNA Staff and Affiliates Pension Fund
145. Local 1034 Pension Fund
146. Local 1034 Pension Trust Fund
147. Local 1430 Pension Plan
148. Local 1783 IBEW Pension Fund
149. Local 1783 IBEW Pension Fund
150. Local 1922 Pension Plan
151. Local 298 Pension Fund
152. Local 298 Pension Fund
153. Local 338 Retirement Plan
154. Local 364 Sales Drivers and Industry Pension Fund
155. Local 365 UAW Pension Trust Fund
156. Local 422 Pension Trust Fund
157. Local 475 Pension Fund
158. Local 670 Pension Fund
159. Local 68 Engineers Union Pension Plan
160. Local One Photoengravers Pension Fund
161. Local Union 1710 IBEW Pension Trust Fund
162. Local Union No 226 IBEW Open End Pension Trust Fund

163. Local Union No 466 Painters, Decorators, and Paperhangers Pension Plan
164. Marine Carpenters Pension Plan
165. Maryland Race Track Employees Pension Fund
166. Masons and Plasterers Amended and Restated Pension Plan, Local 56, DuPage County, Illinois
167. Hawaii Masons Pension Plan
168. Michiana Area Electrical Workers Pension Fund
169. Michigan Upper Peninsula IBEW Pension Plan
170. Minneapolis Food Distributing Industry Pension Plan
171. Minnesota Cement Masons and Plasterers Pension Fund
172. Monterey Peninsula Restaurant and Hotel Pension Plan
173. Motion Picture Laboratory Technicians and Film and Tape Editors Local 780 Pension Plan
174. National Conference of Firemen and Oilers National Pension Fund
175. NECA-IBEW Pension Trust Fund
176. New Bedford Fishermens Pension Fund
177. New England Carpenters Benefit Funds Pension Fund
178. New England Health Care Employees Pension Plan
179. New England Health Care Employees Pension Plan
180. New York State Nurses Association Pension Plan
181. New York State Teamsters Conference Pension and Retirement Fund
182. Newspaper and Magazine Drivers, Chauffeurs and Handlers Union Local 473 Retirement Benefit Plan
183. Newspaper and Magazine Employees Union and Philadelphia Publishers Pension Fund
184. Newspaper and Mail Deliverers - Publishers Pension Fund
185. North Central States Regional Council of Carpenters Benefit Funds
186. Northern Nevada Laborers Pension Trust Fund
187. Northwest Bricklayers Pension Plan
188. Northwest Indiana Regional Council of Carpenters Pension Plan
189. Northwest Marine Retirement Trust Pension Plan
190. Northwest Ohio Area Industries - UAW Retirement Income Plan
191. Northwest Ohio UFCW Union and Employers Joint Pension Fund
192. Northwestern Ohio Plumbers and Pipe Fitters Pension Plan
193. Office and Professional Employees International Union Pension Plan
194. Officers and Employees Pension Plan of the International Brotherhood of Boilermakers
195. Ohio Carpenters Pension Plan
196. Ohio Meatpackers Meat Cutters and Butcher Workmen Pension Plan

197. Operating Engineers Construction Industry and Miscellaneous Pension Fund
198. Operating Engineers Local 825 Pension Plan
199. Operating Engineers Local No 428 Defined Benefit Plan
200. Operative Plasterers and Cement Masons Local Union Officers and Employees Pension Plan
201. Oregon Laborers - Employers Pension Plan
202. Oregon Processors Seasonal Employees Pension Plan
203. Oswego Laborers Local No 214 Retirement Plan
204. Pacific Coast Roofers Pension Plan
205. Pension Plan for Plumbers and Pipe Fitters Local Union No 776 (Lima, Ohio)
206. Pension Plan of Carpenters Pension Trust Fund of St Louis
207. Pension Plan of the Plumbers and Pipe Fitters Local 123 Pension Fund
208. Philadelphia Bakery Employers and Food Drivers Salesmens Union Local 463 and Teamsters Union Local 676 Pension Fund
209. Pipe Fitters Local Union No 120 Pension Fund and Plan
210. Pipe Fitters Retirement Fund Local 597
211. Plasterers and Cement Masons Local No 94 Pension Fund
212. Plasterers Local 82 Pension Fund
213. Plasterers Local Union No 1 Pension Fund
214. Plumbers and Pipe Fitters Local 9 Pension Plan
215. Plumbers and Steamfitters Local 47 of Northwest Pennsylvania Pension Fund
216. Plumbers and Pipe Fitters Local 104 Pension Fund
217. Plumbers and Pipe Fitters Local 123 Pension Plan
218. Plumbers and Pipe Fitters Local 152 Pension Plan
219. Plumbers and Pipe Fitters Local 172 Pension Plan
220. Plumbers and Pipe Fitters Local 592 Pension Plan
221. Plumbers and Pipe Fitters Local No 520 Pension Fund
222. Plumbers and Pipe Fitters Local Union No 25 Pension Plan
223. Plumbers and Pipe Fitters Local Union No 553 Pension Plan
224. Plumbers and Pipe Fitters Local Union No 572 Pension Plan
225. Plumbers and Pipe Fitters Local 104 Pension Fund
226. Plumbers and Pipe Fitters Local 123 Pension Fund
227. Plumbers and Pipe Fitters Local 172 Pension Plan
228. Plumbers and Pipe Fitters Local 592 Pension Fund
229. Plumbers and Pipe Fitters Local Union No 553 Pension Plan
230. Plumbers and Steamfitters Local 83 Pension Plan

231. Plumbers and Steamfitters Local No 137 Pension Fund
232. Plumbers Local 360 Revised Pension Plan
233. Plumbers Local Union 690 Metal Trades Division Pension Plan
234. Plumbers Local Union No 14 Pension Fund
235. Plumbers Local Union No 16 Pension Plan
236. Plumbers Local Union No 690 Metal Trades Division Pension Plan
237. Plumbers Union Local No 12 Pension Plan
238. Plumbing and Heating Wholesalers Retirement Income Plan
239. Pressmens-Publishers Pension Fund
240. Printing Specialties and Paper Products Union Local No 447S Pension Fund
241. Retail Food Employers and UFCW Local 711 Pension Trust Fund
242. Retirement Benefit Plan of the Newspaper and Magazine Drivers Chauffeurs and Handlers Union
243. Richmond-Santa Rosa-Vallejo Newspaper Guild Retirement Plan
244. Richmond-Santa Rosa-Vallejo Newspaper Guild Retirement Plan
245. Roofers and Waterproofers Local No 44 Pension Plan
246. Roofers Union Local 30 Combined Pension Fund
247. SDC-League Pension Fund
248. Service Employees International Union Local 3 - Cleaning Contractors Pension Plan
249. Sheet Metal Local 36 Pension Fund
250. Sheet Metal Local No 20 Indianapolis Area Pension Plan
251. Sheet Metal Workers Local 46 Pension Plan
252. Sheet Metal Workers Local No 10 (Fargo) Pension Plan
253. Sheet Metal Workers Local No 33 Cleveland District Pension Plan
254. Sheet Metal Workers Local Union No 22 Pension Fund
255. Sheet Metal Workers Local Unions and Councils Pension Fund
256. Sheet Metal Workers Pension Plan of Southern California, Arizona and Nevada
257. Sheet Metal Workers Pension Plan of Southern California, Arizona and Nevada
258. Sheet Metal Workers Union Local No 194 Industrial Pension Plan
259. Sign Pictorial and Display Industry Pension Fund
260. Soft Drink and Brewery Workers Union, Local 812 Retirement Fund
261. Solano and Napa Counties Electrical Workers Pension Trust Fund
262. Southern California Floor Covering Pension Plan
263. Southern California United Food and Commercial Workers Unions and Drug Employers Pension Fund
264. Southern Nevada Culinary and Bartenders Pension Plan

265. Stove, Furnace and Allied Appliance Workers Local Nos 4, 7, 60 and 185 Pension Plan
266. Studio Mechanics Local 476 IATSE Retirement Plan
267. Suburban Teamsters of Northern Illinois Pension Fund
268. Teamster Joint Council No 83 of Virginia Pension Fund
269. Teamster Local Union No 418 Pension Fund
270. Teamsters Construction Industry and Miscellaneous Pension Fund
271. Teamsters Local 115 Pension Plan
272. Teamsters Local 210 Affiliated Pension Trust Fund
273. Teamsters Local 277 Pension Fund
274. Teamsters Local 282 Pension Trust Fund
275. Teamsters Local 282 Pension Trust Fund
276. Teamsters Local 445 Pension Fund
277. Teamsters Local 575 Pension Plan
278. Teamsters Local 617 Pension Fund
279. Teamsters Local 688 Multiemployer Pension Plan
280. Teamsters Local 966 Pension Fund
281. Teamsters Local Union No 418 Pension Fund
282. Tile Setters and Finishers of No CA Pension Plan
283. Toledo Painters and Allied Trades Pension Plan
284. Transport Workers Union - Westchester Private Bus Lines Pension Trust
285. Tri-State Carpenters and Joiners Pension Fund
286. Twin Cities Bakery Drivers Pension Plan
287. Twin City Carpenters and Joiners Pension Fund
288. Twin City Hospitals Pension Plan for Licensed Practical Nurses
289. UFCW District Union Local Two and Employers Pension Fund
290. UA Local 13 Plumbers and Pipe Fitters Pension Plan
291. UA Local 190 Plumbers, Pipe Fitters, Service Technicians, Gas Distribution Pension Plan
292. UA Plumbers and Steamfitters Local No 22 Pension Fund
293. UFCW District Union Local Two and Employers Pension Fund
294. UFCW Local 1262 and Employers Pension Fund
295. UFCW Local 1776 and Participating Employers Pension Fund
296. UFCW Local 23 and Employers Benefit Funds
297. UFCW Local 23 and Giant Eagle Pension Fund
298. UFCW Local 464A Pension Plan
299. UFCW Local 464A Pension Plan

- 300. UFCW Local Union 919 and Contributing Employers Food Pension Plan
- 301. UFCW Unions and Food Employers Pension Plan of Central Ohio
- 302. UMWA 1974 Pension Plan
- 303. Union Mutual Fund Pension Plan
- 304. UNITE HERE Local 25 and Hotel Association of Washington DC Pension Fund
- 305. UNITE HERE National Retirement Fund
- 306. UNITE HERE Staff Retirement Plan
- 307. United Association General Officers and Employees Retirement Plan
- 308. United Brotherhood of Carpenters and Joiners of America Local Union No 948 Retirement Plan
- 309. United Construction Workers Pension Fund
- 310. United Food and Commercial Workers Regional Pension Plan
- 311. United Food and Commercial Workers Union Local 880 - Mercantile Employers Joint Pension Plan
- 312. United Furniture Workers Employees Pension Fund
- 313. Utah Bakers Pension Trust Fund
- 314. Warehouse Employees Local 169 and Employers Joint Pension Fund
- 315. Washington State Plumbing and Pipe Fitting Industry Pension Plan
- 316. Western Glaziers Retirement Trust
- 317. Western Lake Superior Piping Industry Pension Plan
- 318. Western Pennsylvania Teamsters and Employers Pension Fund
- 319. Will County Local 174 Carpenters Pension Fund
- 320. Wisconsin Area Retail Clerks Pension Plan

2008 CRITICAL STATUS

SERIAL NO.	PLANS
1.	Allied Security Pension Fund
2.	Aluminum, Brick and Glass Workers International Union, AFL-CIO, CLC, Eastern District Council No 12 Pension Plan
3.	Amalgamated, Industrial and Toy and Novelty Workers of America, Local 223 Pension Plan of the Pension Fund
4.	Americas Family Benefit Plans
5.	Anthracite Health and Welfare Fund Pension Plan
6.	Asbestos Workers Local No 8 Retirement Trust Plan

7. Asbestos Workers Philadelphia Pension Plan
8. Asbestos Workers Syracuse Pension Plan
9. Asbestos Workers Union Local 64 Pension Plan
10. Automotive Industries Pension Fund
11. Bakery Drivers Local 802 Pension Fund
12. Baton Rouge Sheet Metal Workers Pension Fund
13. Bricklayers and Allied Craftsmen Local 1 of Maryland, Virginia and the District of Columbia Maryland Chapter Pension Fund
14. Bricklayers and Allied Craftsmen Local No 7 Pension Plan
15. Bridge, Structural, Ornamental and Reinforcing Ironworkers Local 207 Pension and Annuity Funds
16. Carpenters Pension Trust Fund-Detroit and Vicinity
17. Carpenters Pension Trust Fund for Northern California
18. Cattle Schochtim Union Local 491 Pension Fund
19. Cement Masons Local 783 Pension Trust
20. Cement Masons Local Union No 681 Pension Plan
21. Central New York Painters and Allied Trades Pension Plan
22. Central New York Painters and Allied Trades Pension Plan
23. Chicago Foundry Workers Pension Plan
24. Chicago Truck Drivers, Helper and Warehouse Workers Union (Independent) Pension Fund
25. Cleveland Bakers and Teamster Pension Fund
26. Detroit Typographical Union No 18 with Detroit Newspaper Publishers Retirement Income Plan
27. Food Employers Labor Relations Association and United Food and Commercial Workers Pension Fund
28. Gastronomical Workers Union Local 610 and Metropolitan Hotel Association Pension Fund
29. Graphic Communications International Union of Detroit with Detroit Area Newspaper Publishers Retirement Benefit Plan
30. Greater Cleveland Moving Picture Projector Operators Pension Fund
31. Heat and Frost Insulators and Allied Workers Local 47 Fringe Benefit Funds
32. Insulators Local Union Number 112 Pension Plan
33. International Association of Machinists Motor City Welfare and Pension Funds
34. International Brotherhood of Electrical Workers Local No 129 Pension Fund
35. International Brotherhood of Electrical Workers Local Union 380 Pension Plan
36. International Brotherhood of Electrical Workers Local Union No 1158 Pension Plan
37. International Brotherhood of Electrical Workers Local Union No 90 Pension Fund

38. International Brotherhood of Teamsters Local 210 Pension Plan
39. International Brotherhood of Teamsters Local 469 Pension Fund
40. International Brotherhood of Teamsters Local 575 Pension Fund
41. International Brotherhood of Teamsters Local 731 Textile Maintenance and Laundry Craft Pension Fund
42. International Brotherhood of Teamsters Union Local No 52 Pension Fund
43. International Longshoremens Association Local 1922 - 1/2062 Pension Fund
44. International Union of Police and Protection Employees Local 18 Pension Fund and Plan
45. IRC-CMMIC Local 721 Pension Trust Fund
46. Iron Workers Local No 12 Pension Fund
47. Iron Workers Locals No 15 and 424 Pension Plan
48. Iron Workers-Laborers Pension Plan of Cumberland Maryland
49. Ironworkers Local 340 Retirement Income Plan
50. Joint Board 18 Pension Fund Local 3 and 231
51. Laborers International Union of North America, AFL-CIO Local 734 Pension Fund
52. Laborers Local No 1358 Defined Benefit Pension Fund
53. Local 138 Pension Trust Fund
54. Local 18 International Union of Police and Protection Employees
55. Local 2066 Pension Fund
56. Local 295/Local 851 International Brotherhood of Teamsters Employer Group Pension Trust Fund
57. Local 584 Pension Trust Fund
58. Local 87-Distributors Pension Plan
59. Local Union 373 U.A. Pension Plan
60. Local Union No 863 International Brotherhood of Teamsters Pension Plan
61. Machinery Movers, Riggers, and Machinery Erectors Local 136 Supplemental Plan
62. Mechanical Contractors United Association Local 119 Pension Plan
63. Michigan Carpenters Fringe Benefit Funds Pension Plan
64. Milk Industry Office Employees Pension Plan
65. Millwrights and Machinery Erectors Local Union No 1545 Pension Fund
66. New Bedford Fish Lumpers Pension Plan
67. New England Teamsters and Trucking Industry Pension Fund
68. New Orleans Employers - International Longshoremens Association, AFL-CIO Pension Plan
69. Pacific Coast Shipyards Pension Fund
70. Painters and Allied Trades Paint Makers Pension Plan
71. Paintmakers Local Union No 1310 Pension Plan

72. Perishable Food Industry Pension Fund
73. Plumbers and Steamfitters Local No 106 Pension Trust Fund
74. Plumbers and Steamfitters Local No 267 Benefit Funds
75. Printers League GCIU Local 119B New York Pension Fund
76. Printing Industry and Union Consolidated Pension Plan
77. Printing Local 72 Industry Pension Plan
78. Radio, Television and Recording Arts Pension Fund
79. Retail Bakers Pension Trust Fund
80. Retail Wholesale Department Store Union Local 305 CIO Pension Fund
81. Retirement Plan of Bricklayers Local No 1 of Richmond, Virginia
82. Sheet Metal Workers National Pension Fund
83. Soft Drink Industry Local Union No 744 Pension Fund
84. Southern California United Food and Commercial Workers Unions and Food Employers Joint Pension Trust Fund
85. Southern California, Arizona, Colorado and Southern Nevada Glaziers, Architectural Metal and Glass Workers Pension Trust
86. Southwestern Pennsylvania and Western Maryland Area Teamsters and Employers Pension Fund
87. St Louis Graphic Arts Pension Funds
88. Teamsters Local No 264 Moving Division Pension Fund
89. Textile Processors, Service Trades, Health Care, Professional and Technical Employees Local No 1 Pension Plan
90. Textile Processors, Service Trades, Health Care, Professional and Technical Employees Local No 1 Pension Plan
91. Union De Tronquistas De Puerto Rico, Local 901, Pension Plan
92. United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada Local 198 AFL-CIL Pension Plan
93. United Brick and Clay Workers of America, AFL-CIO District Council No 9 Pension Plan
94. United Food and Commercial Workers International District Union Local One Benefit Funds
95. United Food and Commercial Workers International Local 23 and Employers Pension Fund
96. United Food and Commercial Workers International Local 50 Pension Trust Fund
97. United Food and Commercial Workers International Pension Fund of Northeastern Pennsylvania
98. United Food and Commercial Workers International Union and Participating Food Industry Employers Tri-State Pension Fund
99. United Food and Commercial Workers International Union Local 348 Pension Fund

- 100. United Food and Commercial Workers Union Local 880-Retail Food Employers Joint Pension Fund
- 101. United Furniture Workers Pension Fund A
- 102. Wyoming Carpenters Pension Fund

(Source: The Department of Labor Critical, Endangered, and WRERA Status Notices).

2008 ENDANGERED STATUS

SERIAL NO.	PLANS
1.	Amalgamated Local 298 Pension Fund
2.	Asbestos Workers Local 47 Retirement Trust Fund
3.	Asbestos Workers Local No 23 Pension Fund
4.	Asbestos Workers Local No 27 Pension Plan
5.	Bakers Local No 433 Pension Plan
6.	Bakery and Sales Drivers Local Union 33 Industry Pension Fund
7.	Basic Pension Plan for Employees of Jewish Federation Council of Greater Los Angeles
8.	Bay Area Painters and Tapers Pension Trust Fund
9.	Beverage and Brewery Drivers Local 67 Pension Fund Retirement Plan
10.	Boston Dry Warehouse Association Local 1454 Pension Plan
11.	Bricklayers and Allied Craftsmen Local No 16 Pension Plan
12.	Bricklayers and Allied Craft workers Local No 5 of New Jersey Pension Plan
13.	Bricklayers and Allied Craft workers Local 5 New York Pension Plan
14.	Bricklayers Local No 1 of PA Pension Fund
15.	Bricklayers Union Local No 6 of Indiana Pension Fund
16.	Bricklayers Union Local No 6 of Indiana Pension Fund
17.	Building Service 32BJ Pension Fund
18.	Carpenters Pension Trust Fund for Northern California
19.	Cement Masons Area 699 Pension Fund
20.	Cement Masons Union Local 592 Pension Fund
21.	Chicago Moving Picture Machine Operators Union Local No 110 of the IATSE and M.P.M.O Severance Trust
22.	Connecticut Carpenters Pension Fund
23.	Connecticut Plumbers and Pipe Fitters Pension Fund
24.	Construction and General Laborers Local 190 Pension Plan

25. Electrical Workers Fringe Benefit Funds
26. Employers and Operating Engineers Local No 520 Pension Fund
27. Grand Rapids Bindery and Pressman Unions Retirement Plan
28. Granite Cutters International Association of America, AFL-CIO, Mount Airy Branch Pension Plan
29. Graphic Arts Local 62B Industry Pension Plan
30. Graphic Communications International Union Local 147-B Pension Plan
31. Hawaii Stevedoring Multiemployer Pension Plan/McCabe, Hamilton and Renny Co, Ltd. •
Matson Navigation • Hawaii Stevedores, Inc • Horizon Lines
32. Hawaii Terminals Multiemployer Pension Plan/McCabe, Hamilton and Renny Co., Ltd. • Matson
Navigation • Hawaii Stevedores, Inc
33. Heavy and General Laborers Funds of New Jersey Local 472 and 172
34. Indiana Laborers Pension Fund
35. Intermountain Retail Store Employees Pension Trust
36. International Association Full-Time Salaried Officers and Employees of Outside Local Unions
and District Councils Pension Plan
37. International Association of Bridge, Structural, Ornamental and Reinforcing Ironworkers Local
No 79 Pension Plan
38. International Association of Heat and Frost Insulators and Asbestos Workers Local No 40
Pension Plan
39. International Brotherhood of Electrical Workers Eastern States Pension Plan
40. International Brotherhood of Electrical Workers Local 164 Joint Pension Fund
41. International Brotherhood of Electrical Workers Local 237 Pension Fund
42. International Brotherhood of Electrical Workers Local 456 Pension Plan
43. International Brotherhood of Electrical Workers Local No 223 Pension Plan
44. International Brotherhood of Electrical Workers Local No 38 Pension Fund
45. International Brotherhood of Electrical Workers Local Union No 357 Pension Trust Fund
46. International Brotherhood of Electrical Workers Local Union No 98 Pension Plan
47. International Brotherhood of Teamsters Freight Drivers Local Union No 557 Pension,
Health and Welfare Fund
48. International Brotherhood of Teamsters Joint Council No 83 of Virginia Pension Plan
49. International Brotherhood of Teamsters Local 177 - UPS Multi-Employer Retirement Plan
50. International Brotherhood of Teamsters Local 177 Multiemployer Retirement Plan
51. International Brotherhood of Teamsters Local 445 Construction Division Pension Fund
52. International Brotherhood of Teamsters Local 705 Pension Plan
53. International Brotherhood of Teamsters Local 731 Excavators and Pavers Pension Trust Fund

54. International Brotherhood of Teamsters Local 804 and International Association of Machinists and Aerospace Workers Local 447 - UPS Multi-Employer Retirement Plan
55. International Brotherhood of Teamsters Local 808 Pension Plan
56. International Brotherhood of Teamsters Local 804 and International Association of Machinists Local 447 - UPS Multi-Employer Retirement Plan
57. International Brotherhood of Teamsters Local 813 and Local 1034 Severance and Retirement Fund
58. International Brotherhood of Teamsters Local 814 Pension Trust Fund
59. International Brotherhood of Teamsters Local 837 Pension Fund
60. International Brotherhood of Teamsters Local No 436 Building Material Drivers Pension Fund
61. International Brotherhood of Teamsters Local Union No 854
62. International Longshoremens Local 1478-2 Pension Fund
63. International Union of Operating Engineers Local No 98 Pension Plan
64. Iron Workers Local No 25 Fringe Benefit Funds
65. Ironworkers Fringe Benefit Funds Local Unions No 549 and 550
66. Ironworkers Local 340 Retirement Income Plan
67. Ironworkers Local 498 Pension Fund
68. Ironworkers Pension Plan of Western Pennsylvania
69. Laborers District Council of Western Pennsylvania Pension Fund
70. Laborers International Union of North America National (Industrial) Pension Fund
71. Laborers Local 157 Pension Plan
72. Laborers Local 1000 Pension Fund
73. Laborers Local 17 Pension Fund
74. Laborers Local 186 Pension Fund
75. Laborers Local 3 Sales Pension Fund
76. Laborers Local 322 Pension Plan
77. Laborers Local 35 Pension Plan
78. Laborers Local 7 Pension Plan
79. Laborers Union Local No 1298 of Nassau and Suffolk Counties Pension Fund
80. Local 298 Pension Fund
81. Local 400 Food Terminal Employees Pension Fund
82. Local Union No 466 Painters, Decorators, and Paperhangers Pension Plan
83. Metal Engravers Union Local 34 Pension Plan
84. Milwaukee Brewery Workers Pension Plan
85. Minneapolis Food Distributing Industry Pension Plan

86. Minneapolis Retail Meat Cutters and Food Handlers Pension, Health and Welfare Funds
87. National Basketball Association Pension Plan for Coaches, Assistant Coaches and Trainers
88. National Basketball Association Players Pension Plan
89. National Conference of Firemen and Oilers National Pension Fund
90. New York Hotel Trades Council and Hotel Association of New York City, Inc. Pension Fund
91. New York Shipping Association International Longshoremens Association Pension Trust Fund
92. New York Shipping Association Port Police and Guards Union Local 1456 Pension Fund and Plan
93. New York State International Brotherhood of Teamsters Conference Pension and Retirement Fund
94. Northwest Ironworkers Retirement Trust
95. Painters District Council No 3 Pension Plan
96. Painters Union Pension Fund
97. Plumbers and Pipe Fitters Local 162
98. Plumbers and Pipe Fitters Local No 520 Benefit Fund
99. Plumbers and Pipe Fitters Local Union No 333 Fringe Benefit Funds
100. Plumbers and Pipe Fitters Local Union No 74 Pension Plan
101. Plumbers and Pipe Fitters Local Union No 9 Pension Plan
102. Plumbers and Steamfitters Local No 150 Pension Fund
103. Plumbers and Steamfitters Local No 577 Pension Plan
104. Plumbers Local 773 Pension Fund
105. Plumbers Local Union 690 Industry Funds of Philadelphia and Vicinity
106. Plumbers United Association Local 773 Pension Fund
107. Plumbers, Pipe Fitters and MES Local Union No 392 Pension Fund
108. Plumbing and Pipe Fitting Industry Local 219 Pension Plan
109. Service Employees International Union 1199 Greater New York Pension Fund
110. Service Employees International Union Local 32BJ District 36 Building Maintenance Contractors Association Pension Plan
111. Service Employees International Union Local 32BJ District 36 Building Operators Pension Trust Fund
112. Sheet Metal Workers Local 292 Fringe Benefit Funds
113. Sheet Metal Workers Local 73 Pension Plan
114. Sheet Metal Workers Local 7-Zone 3 Benefit Funds
115. Sheet Metal Workers Local No 40 Pension Fund
116. Sheet Metal Workers Local No 19 Benefit Fund
117. Steamfitters Industry Pension Fund

118. Steamfitters Local Union No 420 of Philadelphia Pension Plan
119. Teamsters Negotiated Pension Plan
120. Toledo Area Sheet Metal Workers Pension Plan and Trust
121. Toledo Roofers Local No 134 Pension Plan
122. Twin City Iron Workers Pension Fund
123. UA Local 190 Plumbers/Pipe Fitters/Service Technicians Gas Distribution Fringe Benefit Funds
124. UFCW District Union Local Two and Employers Pension Fund
125. United Association of Plumbers and Pipe Fitters Local 51 Pension Plan
126. United Brotherhood of Carpenters and Joiners of America Local No 370 Pension Plan
127. United Food and Commercial Workers Union Local 880 Mercantile Employers Joint Pension Fund
128. United Food and Commercial Workers International Union Local 342 Amalgamated Meat Cutters and Retail Food Store Employees Pension Fund
129. United Steelworkers District 10 Local 286 Pension Plan
130. Upper Peninsula Plumbers and Pipe Fitters Pension Fund
131. Western Pennsylvania Teamsters and Employers Pension Fund
132. Will County Carpenters Local 174 Supplemental Pension Fund
133. WV Plumbers and Pipe Fitters Local Union 152 Combined Pension Funds

(Source: The Department of Labor Critical, Endangered, and WRERA Status Notices, from <http://www.dol.gov/esba/criticalstatusnotices.html>).

Appendix II

THE PENSION PROTECTION ACT

Congress passed the Pension Protection Act of 2006 in response to growing worries over the defined benefit pensions of workers across the country. It intended to require pension sponsors to keep their funds actuarially sound, in the hope that the statutory requirements would ensure that no company or union would make promises to workers they could not keep.

The law prohibits plans that are less than 80 percent funded from increasing benefits. Further, it prohibits funds with less than 60 percent of their expected benefits from paying beneficiaries more than a monthly annuity payment, that is, no bonus payments.

Another of the Pension Protection Act's main provisions is a requirement that plans keep their funds financially sound, or "on target," with specific provisions to prevent funding lapse. In 2008, this target was 92 percent of all accrued liabilities; it increases annually to 100 percent in 2011.

The Act calls upon pension sponsors to consider their total assets to be nominal assets—the bonds, equities and real estate the plan owns—reduced by their credits for appreciation of securities that are publicly traded. These modified assets would be the test of how well funded a plan is. Pension plans that are less than 80 percent funded or 70 percent funded using "at-risk" assumptions that mark up liabilities, are forbidden from reducing their calculated annual obligation to pay benefits by applying credits. The sponsor can otherwise use credits to reduce contributions to the plan.

Sponsors can discard credits in order to increase the value of their adjusted assets. This allows them to use past over-

payments to bring poorly-performing funds up to their required funding ratio. Both choices reduce credits on the plan's books, and therefore increase assets allowable for calculating funding percentage. Further, the Act requires at-risk plans (those with less than 60 percent funding) to contribute at least the normal cost each year.

The Pension Protection Act requires multiemployer plans, beginning in 2008, to absorb their entire funding liability as a 15-year debt. Multiemployer pension plans with less than 65 percent funding will have to identify themselves as in "critical" status, requiring the submission of a plan to the Department of Labor to regain proper funding status. Plans less than 80 percent funded are "endangered" and required to adopt a plan to revise benefits downward. The critical and endangered provisions apply only to multiemployer plans.

Both programs follow a similar path: the sponsor must provide two schedules to all participating parties. One reduces future benefit accrual (not currently-earned benefits), and the other increases contributions. Plans in "critical" status are specifically required to develop more complex action plans so that they can emerge from that status within 10 years.

In short, the Act's central purpose is to require plans to remain well-funded; it lays down specific statutory provisions to prevent lapses.

Starting in 2008, critically-funded union plans (assets are less than 65 percent of accrued liabilities) came under stricter scrutiny, as unions were forced to help employers and workers negotiate a middle ground between decreased benefits and increased costs.

Appendix III

DATA

The Labor Department's Form 5500 has several options for listing plan assets and liabilities. How assets and liabilities are presented can influence the totals that matter for determining whether a plan is adequately funded.

There are chiefly two ways to calculate the assets of a plan. The first is to list the market value of assets at the date a balance sheet or report is issued. This is called the "current value" of assets. The other starts with the fund's assumed growth rate and averages any difference between current values and assumed growth over a period of time (usually five years). This is called the "actuarial value of assets," or AVA.⁵⁰

In this paper, the actuarial value of assets is used to represent plan assets. Especially in a time of great financial volatility, the asset smoothing aspect of the AVA prevents a single uncharacteristic year from significantly altering a plan's status. As a result, a funded ratio presented in this paper may show a traditionally well-funded plan to be well off, even if it has suffered in the recession. It may also show a poorly funded plan to remain in that status, even if it has experienced unexpected growth in one year.

One significant effect of this methodology would be that some plans may still be reflecting losses incurred as early as 2001, meaning that some would not reflect gains made in 2006 due to still-unrealized losses in previous years. ("Unrealized losses" means that an asset has been retained, not sold, and has a market value below acquisition cost.)

There are, in general, several ways to calculate plan liabilities. The first is a usually a "level percentage or dollar amount of contributions...to fund all anticipated benefits,

whether earned or not earned..."⁵¹ This is called the "accrued liability." Another method, the "RPA 94 current liability" is a standardized measure of benefits earned to date, using formalized interest rates. The accrued liability is calculated with interest rates chosen by plan administrators; the resulting value varies with demographics and investment policy, among other factors.

When comparing the funded ratios between plans, the RPA 94 current liability is more appropriate than the accrued liability because it is more conservative. The RPA 94 current liability tends to be larger than the accrued liability, and therefore leads to lower funded ratios than would be achieved by using the accrued liability to determine plan benefit costs. This bias, however, affects all plans, whether union or non-union, and does not affect the quality of comparisons between plans. And the Vice President of the Pension Practice Council of the American Academy of Actuaries, in a 2006 letter to Moody's, opined that the RPA 94 current liability was likely an appropriate measure to use in determining underfunding of pension plans, bringing into question whether this tendency of the measurements should be considered biased.⁵¹

It is difficult to determine a single way to accurately measure assets and liabilities for defined benefit pension plans, given the great uncertainty inherent in these values. We have presented the reasoning behind our choice of variables, and some of the effects they have on our data.

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NOTES

- 1 1199 SEIU, 2009
- 2 “Taft-Hartley” refers to the Labor-Management Relations Act of 1947.
- 3 A number of types of plans were excluded from the study. Frozen plans (those taking no new workers), plans acquired by the Pension Benefit Guaranty Corporation (those in severe difficulty or owned by defunct companies), cash balance plans (a fixed-interest defined contribution plan), and plans in their first or last year of operation were excluded.
All references to funding use a ratio of the actuarial value of assets held by a given defined benefit pension plan and the RPA '94 current liability. For further explanation of the use of these statistics, see the Appendix.
- 4 A much larger number of plans are less than 65 percent funded than are in “critical” status. This is due in part to the fact that “critical” notifications are required only by multiemployer pension plans, and due in part to delays in status notification. Some plans in apparent critical status in 2006 may have improved in the interim. Still, we will use “critical” to refer to all plans with funding ratios of 65 percent or less, for consistency.
- 5 The International Brotherhood of Teamsters website mentions that 72 percent of union workers have guaranteed defined-benefit pensions compared to 15 percent of non-union workers
- 6 Teamsters for a Democratic Union (TDU), 2006.
- 7 These data refer to plans either filing as a small plan or with 100 or fewer active participants. Frozen plans, PBGC-run, and cash balance plans were omitted from the study. Again, those in the first or last year of operation were omitted, as were plans covering a single individual.
- 8 AFSCME and APWU pensions are typically public pensions. Their accounting rules and regulations differ from those of private pensions, and so are beyond the scope of this paper.
- 9 The IBEW Pension Benefit Fund is a “non-qualified” pension plan. It is a promise of a specified rate (\$4.50 per month per year of service) of payment. Because it lacks certain qualities, the fund’s investment earnings are taxed normally, and the fund need not adhere to certain reporting and minimum contribution requirements. The most meaningful result of this is that the funding level of this fund is not disclosed. However, for completeness’ sake, we will report that in FY 2006, the plan paid out \$101.7 million to beneficiaries and \$46 million in contributions from member dues, and \$286.7 million in earnings. The fund made \$220.8 million over the year, a 12.6 percent gain.
- 10 Retrieved from AFL-CIO’s EFCA page,
http://www.aflcio.org/joinaunion/voiceatwork/efca/upload/Investor_EFCA_Congressional_Letter.pdf
- 11 Center for Responsive Politics, Federally Focused 527s by Industry
- 12 Center for Responsive Politics, PACs
- 13 Center for Responsive Politics, Business-Labor-Ideology Split
- 14 This includes the \$27 million spent by the union and the \$48 million the PAC filed as contributing, both drawn from FEC filings.
- 15 Service Employees International Union, 2008b, Article XV, Sec. 18(a)
- 16 Wall Street Journal, 2008

- 17 While PAC contributions are often from individuals, FEC data show that PACs sometimes receive contributions from unions. And unions qualify as 527 groups, allowing them to contribute union funds for political purposes.
- 18 Moskalenko, 2008
- 19 Bronstad, 2003
- 20 Dolan, 2002
- 21 Abrahamson, 1998
- 22 Department of Justice, 2005
- 23 Christensen, 2003
- 24 Shearin, 2007
- 25 Department of Labor, Form LM-2 Labor Organization Annual Report
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- 27 UFCW Web site, 2010
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- 32 Appendix 1
- 33 www.freeerisa.com
- 34 Central States Funds, 2009, pg 3
- 35 Central States Funds, 2009, pg 8
- 36 Statement of Thomas C. Nyhan, United States Senate, May 27 2010
- 37 Bolen, 2009, pg 1
- 38 Mc Garr, 2009, pg 8
- 39 Western Conference of Teamsters Pension Plan, 2003, pg 2
- 40 Central States Funds, 2009, pg 9
- 41 Central States Funds, 2009, pg 9
- 42 This is based on PBGC documents regarding multiemployer plans. The plan covers up to \$11 per month per year of service, and 75 percent of accrual rates above \$11 per month per year, up to the maximum of \$35.75 per month per year, or an annual pension of \$429 per year of service. The explanation can be found here:
<http://www.pbgc.gov/practitioners/multiemployer-plans/content/page13111.html>
- 43 Central States, Southeast and Southwest Areas Health and Welfare and Pension Funds, 2003, pg 6-10
- 44 Central States, Southeast and Southwest Areas Health and Welfare and Pension Funds, 2008b, pg 12
- 45 Western Conference of Teamsters Pension Plan, 2003, pg 2
- 46 Western Conference of Teamsters Pension Plan, 2003, pg 2
- 47 Central States, Southeast and Southwest Areas Health and Welfare and Pension Funds, 2008a, pg 5
- 48 A rank-and-file Teamsters organization dedicated to improving benefits and holding Teamster leadership accountable for their actions.
- 49 TDU, 2008
- 50 If assumed growth is 8 percent, and in one year, growth is 13 percent, assets will be increased by 9 percent each year on the actuarial value of assets.
- 51 Segal, 2006, pg 2

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