New York State Teamsters Conference Pension & Retirement Fund

Retiree Representative

November 14, 2016

Department of the Treasury
MPRA Office
1500 Pennsylvania Avenue NW
Room 1224
Washington, DC 20220
Attn: Eric Berger

Dear Mr. Berger,

As Retiree Representative of the New York State Teamsters Conference Pension and Retirement Fund (the Fund), I submit these comments on the Fund's application (the Application) under the Multiemployer Pension Reform Act (MPRA).

As you know, the Application seeks permission to cut benefits for the retirees, deferred vesteds, and beneficiaries that I represent by 31%, subject to the protections in MPRA. Actives' benefits are to be cut only by 20%.

A 31% cut would bring severe hardships to many of those I represent. Some have said they'll lose their homes, or will have to file for bankruptcy. Others have serious health problems, or are caring for others with such problems, and don't know how they'll pay for the care they or their loved ones need if the Fund's plan for cuts goes into effect.

And all of them will suffer a betrayal of the promises that were made to them by the Fund and the law. As to survivor benefits, those broken promises are especially painful. On top of that, the difference between the 31% cut they face and the 20% cut for the actives is very hard to accept.

I have gotten many emails and have spoken to a lot of people saying they're angry, scared, and can't believe that something like this could happen—that the benefits they worked so hard for and rely upon could just be taken away, at a time when many of them have no way to make up the loss.

I share all these feelings, and wish that somehow the Fund's problems could be solved without <u>any</u> cuts, or at least without cuts that are so deep and fall so heavily on those I represent. In response to questions I and my actuaries raised, the Fund did review its original plan providing 34% cuts for inactives and ended up reducing the percentage to 31%.

While 31% isn't quite as severe as 34%, it's still steep, and the difference between 31% and the 20% cut for actives is still very hard to swallow. In response to my objections about that difference, the Fund presented information, which my actuaries reviewed and verified, showing that because of cuts previously imposed on the actives, the effect of the proposed cuts will be more fair than the 20%-31% split makes it look. But still, some recent retirees are getting hit harder than others. I argued that the Fund should create more tiers of cuts in order to reduce these disparate effects, but the Fund said that would be too hard to administer and would still result in imperfect outcomes.

Based on input from participants, I also argued for additional protections from cuts for surviving spouses, participants who have disabilities but aren't getting a disability pension from the Fund, and those under age 75. But the Fund showed that providing additional protections just meant increasing the general cut percentage for inactives above 31%.

While the proposed cuts are harsh, the information I've seen has led me to believe that the alternative will be worse for those I represent over all. If the Application is rejected, the Fund has said it will file a new one, which will have to provide even deeper cuts because by that time, the Fund's financial condition will be even worse. If no MPRA cuts are made and the Fund goes insolvent in 10 years, retirees will be left with the PBGC-guaranteed level of benefits—which is lower, and in many cases much lower, than the amount provided under the Application. And if the PBGC goes insolvent, as it's projected to do, benefits may be even lower than that.

Some people may just want to get their full benefits for as long as possible and let the Fund go insolvent. Some people aren't worried about insolvency because they don't expect to live that long, don't have surviving beneficiaries, and/or didn't elect a survivor benefit form. But as Retiree Representative, I have to consider the group I represent over all, and I think it's important to preserve the greatest level of benefit possible for the group as a whole.

A lot of people feel that given the severity of the Fund's problems, there's no reason to believe that this MPRA plan will work. I understand that, and as I've said to many people, there are no real promises in life. If we didn't know that before, we definitely do now.

So while I can't say I know that the Fund's plan will work, I think it's a better option than the others we're facing. My actuaries have carefully reviewed the assumptions and calculations in the Application, and have advised me that they believe that it satisfies MPRA's requirement that a MPRA plan must be reasonably estimated to avoid insolvency. My attorneys have also advised that the Fund's plan reasonably satisfies MPRA's legal requirements.

I certainly don't believe the Fund's plan for cuts is the only way to protect the benefits of those I represent. But now that the Fund has made its Application, I see no responsible choice but to support it. At this point, the other options available to us are, in my judgment, definitely worse for those I represent as an overall group.

What we deserve is 100% of what we were promised and counted on, but that's off the table. What we'll actually get, through the Fund's MPRA plan or otherwise, is uncertain. But sometimes there is no sure thing, and all the choices offer less than what's fair or right. And in that situation, I think one has to look at the choices and pick the one that seems most likely to preserve more of what you're losing than the others. In my judgment, based on all the information and advice I've gotten, the Fund's MPRA plan is that choice.

Thus with great reluctance, and a heavy heart, I urge the Treasury Department to approve the Fund's Application.

Sincerely,

Tom Baum

Tom Baum, Retiree Representative

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