

New York State Teamsters Conference Pension & Retirement Fund

Retiree Representative

July 14, 2017

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 revised application (the Revised Application) under the Multiemployer Pension Reform Act (MPRA).

As you know, the Revised Application reduces the level of cuts for the retirees, deferred vesteds, and beneficiaries that I represent by 2%, from 31% to 29%. But that 29% cut still poses a serious threat to the financial and even physical well-being of many in that group. And it's still wrong that so many of us are faced with losing so much of what we earned, sacrificed for, and have counted on for so many years.

The fact that actives' benefits are being cut by only 18% makes the 29% very hard to accept. As I noted in my comments on the initial application, the Fund has explained that the 11% difference between the cuts for actives and everyone else is not as inequitable as it might seem, because actives previously experienced substantial benefit cuts. While this is true to a large extent, some recent retirees are still getting hit harder than others.

I argued for more tiers of cuts to account for these different situations, and also for additional protections for surviving spouses, participants who have disabilities but aren't getting a disability pension from the Fund, and those under age 75. The Fund responded that more tiers would be too hard to administer and not necessarily fair in all circumstances, and that the other changes would just require increased cuts for everyone else. It therefore did not adopt my suggestions on these issues.

As the Fund's MPRA process has continued, it's become increasingly apparent that it has led to a serious lack of trust among those I represent—lack of trust in the Fund, and the unions and employers that support it; in the government; and in me as Retiree Representative.

This is not surprising given the cuts we're facing, but I feel strongly that better communication and transparency could have enabled a healthier dynamic as we've all gone through this difficult process. I've provided updates and answered hundreds of questions along the way, but I am only one person representing thousands. The MPRA process would, I believe, be better served if the retiree representative function could be carried out by a committee, and if it was more independent of the fund. Similarly, the Treasury Department, through regulations or otherwise, could take a more assertive role in ensuring better transparency and communication by funds in the MPRA process.

That said, I continue to feel that my work, and that of the actuaries and attorneys who have assisted me, has helped those I represent understand the issues better and participate in the process more effectively. More concretely, I think that work helped bring the level of the cuts down from the 34% that was originally contemplated to the 29% proposed in the Revised Application.

Again, a 29% cut will cause enormous pain to the people I represent. The 2% reduction really won't make much difference to those I've heard from who were considering selling their homes, or wondering how they will pay for medical care, if the 31% cut proposed in the initial application went into effect.

Nevertheless, as before, I believe that the likely alternative to the Fund's Revised Application would be worse. If the Fund goes insolvent, 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 Revised Application. And if the PBGC goes insolvent, as it's projected to do, benefits may be cut even more than that.

Some have placed hope in proposals to change the law. I also believe that the government needs to act to address our Fund's crisis. That's why I've been working with the Fund on lobbying efforts directed at getting some government action to help us.

But no changes to the law are in effect yet, and they may never be. Letting the Fund spiral toward bankruptcy while hoping for a legislative fix does not seem like a responsible position to me. It's also not clear that those proposals would be better, over all, for those I represent. For example, one proposal provides for 20% cuts for everyone, but contains none of the protections from cuts that are required by MPRA.

So while I am working for a better solution, I have to decide what I think will be best for those I represent under the situation as it stands now. On that basis, it's clear to me that the plan set forth in the Fund's Revised Application is better than letting the Fund go insolvent.

This is not to say I'm sure the Fund's plan will work. Like many people, I'm concerned that this will not be the last time we're asked, or forced, to give up what we earned. But insolvency seems inevitable otherwise, and the cuts imposed in that event will definitely be much more severe. My actuaries have advised me that the Fund's plan has been designed in compliance with MPRA and meets MPRA's criteria for avoiding insolvency.

As I've said before, there are no promises in life, but I think the Fund's Revised Application presents the best chance available to us right now of preventing the harsher cuts that will be imposed if the Fund goes insolvent.

For these reasons, I feel that the only responsible position is for me to support the Fund's revised plan. Thus I ask, again with great reluctance, that the Treasury Department approve the Fund's Revised MPRA Application.

Sincerely,



Tom Baum, Retiree Representative

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