

Retiree Representative—Final Report

November 2017

This is my final report as Retiree Representative with respect to the Fund's application pursuant to the Multiemployer Pension Reform Act (MPRA).

It has been my privilege to serve as your Retiree Representative. I worked hard to understand the issues and argued vigorously for the Fund to make its plan for cuts fairer and less harmful to those I represent. I believe those efforts helped bring the cuts for inactive participants down from the 34% that the Fund was initially considering to the 29% that was finally adopted. That cut is still way too big. But as I've said, I think it's less bad than the deeper cuts we'd all be facing if the Fund went insolvent.

I know many of you disagreed with me, and I understand that. None of us deserved these cuts, and I know many will have a very hard time coping with them. So I can't blame anyone for being upset with me for supporting the Fund's plan for cuts.

My Activities

After being appointed as Retiree Representative in January 2016, I hired attorneys and actuaries to assist me in understanding the MPRA process and the issues affecting the Fund. I also established a website, toll-free phone number, and email account to facilitate communication with those I represent, and sent several newsletters in mailings from the Fund Office, which were also posted on my website.

I received hundreds of emails and phone calls, and answered questions to the best of ability, with the help of my attorneys and actuaries when needed.

I attended numerous meetings—some held by the Board of Trustees, some held by locals concerning the MPRA application, and some held by the Treasury Department concerning its consideration of the Fund's application process. I also participated in a series of conference calls about efforts to obtain some government action to help our Fund. Throughout, I consulted with my attorneys and actuaries concerning the issues involved in the Fund MPRA application process.

I also conducted a letter-writing campaign, in which hundreds of letters were submitted to government officials seeking their help in the crisis we're facing.

The Board and the Applications

The Trustees provided me, my attorneys, and my actuaries with information we requested, invited us to their meetings, and listened to our comments. In the Board meeting on August 4, 2016, however, we made significant suggestions about reducing the cuts for inactives and spreading the cuts across a broader set of groups. After cursory discussion and dismissal of our suggestions, the Board immediately voted to adopt the 31% cut that it had already been considering, which were included in its first MPRA application. Essentially, they disregarded our concerns and adopted the plan they had apparently already decided on. I was very unhappy about how quickly the decision was made, and let the Board know it. While I may not have been able to change the outcome that day, I now feel that I should have refused to support their first application until we discussed it thoroughly once again.

Thereafter, the Treasury Department suggested that they withdraw and file a revised application, because the initial application included assumptions that resulted in larger cuts than necessary. While I was still unhappy with the level and distribution of these cuts, I concluded that it was better than the alternative, as noted.

Expenses

I received no pay for my service as Retiree Representative, but my travel expenses and the fees and expenses of the lawyers and actuaries who assisted me were paid by the Fund, as provided by MPRA. A summary of those expenses is as follows:

My expenses: \$4,145.50

Attorneys' fees & expenses:

 Fees: \$357,210.00 (882 hours at \$405/hr)

 Expenses: \$ 16,708.61

Actuaries' fees & expenses:

 Fees: \$150,281.32

 Expenses: \$ 2,062.35

Suggestions

Based on my experience as Retiree Representative, I think that a committee rather than a single person should perform the function for large funds like ours. MPRA presently provides only for a single Retiree Representative, but I think Congress, the regulators,

and fund trustees should consider whether spreading the responsibility would better serve those whose interests the Retiree Representative is supposed to protect.

Further, having served as the Retiree Representative, it is clear to me that participants would be better served by enhanced transparency and more communication from the Trustees. It is also my strong recommendation that the Employer Trustees appoint a UPS representative to the Board.

Conclusion

Thanks to all who assisted me in performing this difficult and important task. And to all those affected by the cuts, I hope you are able to find ways to handle this very difficult situation in the tough days ahead. Finally, I urge all of you to continue to pressure officials for some positive action to address the unjust hardship so many of us will be experiencing as a result of these cuts.

Sincerely,

A handwritten signature in blue ink that reads "Tom Baum". The signature is written in a cursive, flowing style.

Tom Baum, Retiree Representative