

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

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JAMES P. HOFFA
General President

September 22, 2015

Thomas Nyhan
Executive Director
Central States, Southeast and Southwest Areas,
Health and Welfare and Pension Funds
9377 W. Higgins Road
Rosemont, IL 60018

Dear Mr. Nyhan:

I am writing to urge that the Central States Pension Fund Trustees not vote to file a petition with the United States Department of Treasury seeking to cut the pensions of thousands of Teamster members and retirees who earned them. While the continued viability of the Fund is a concern of all of us, I urge you to focus on the impact that benefit cuts will have on the daily lives of our members and retirees.

As you know, I opposed the Multiemployer Pension Reform Act of 2014 (MPRA). I did so because I believed it unfairly shifts the consequences of unfunded pension liabilities to retirees, participants and beneficiaries by reducing their benefits. It also creates the false illusion of participatory democracy by purporting to require a vote of retirees and other participants and beneficiaries that can then be simply ignored if a negative vote would cause significant liability to the Pension Benefit Guaranty Corporation. In other words, participants and beneficiaries get to vote, but their vote only counts if they vote to cut their own pensions. The people who conceived that cynical scheme should be ashamed.

This new law effectively destroys the bedrock principle enacted in 1974 with the passage of ERISA. Instead of protecting pension benefits from impairment, as the statute was originally designed to do, it places them at risk. It literally permits underfunded pension plans to pull the rug out from under the people the statute was originally supposed to protect. Pension fund participants and beneficiaries did not cause the problem of underfunding. They worked day in and day out to earn

their pension credits. It is monstrously unfair that they will end up holding the short end of the stick when we finally get around to looking for a solution to the fact that the assets of some pension funds, like Central States, are now inadequate to cover the pension benefits that were promised.

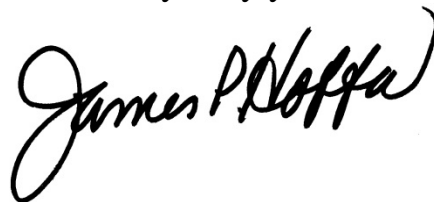
I can appreciate the need to help the Central States Fund avoid insolvency. But, it is nothing short of outrageous that to do so the Fund may propose draconian benefit cuts that will impose significant hardships on the very people the Fund is supposed to serve.

Of course, I know I have no authority over the operations of the Central States Funds. But as General President of the IBT, it is incumbent on me to speak out on behalf of our retirees, and other participants and beneficiaries of the Pension Fund. The benefits they have earned were the result of the hard work of members of this Union. Simply to wipe out those earned benefits in order to balance the books is tantamount to highway robbery.

On September 10, 2015, I stood with Senator Bernie Sanders and Congresswoman Marcy Kaptur to promote the “Keep Our Pension Promises Act” (KOPPA). I believe this legislation, and other legislation supported by the Teamsters Union, will provide a responsible and better way to deal with underfunded pension funds like Central States. Before moving forward with a proposal to implement benefit cuts, I urge you to please work with us to find fair and responsible alternatives. With this in mind, I request that you forward to my office by October 15, 2015 all financial, statistical, economic and actuarial information that the Fund is relying on to develop its “rescue plan” so that the IBT can conduct its own review of Central States’ plan.

Please join with us on Capitol Hill to pass KOPPA. With your cooperation we can find solutions to keep the promises made to Teamster members and retirees.

Very truly yours,

A handwritten signature in black ink that reads "James P. Hoffa". The signature is written in a cursive, flowing style.

James P. Hoffa
General President
International Brotherhood of Teamsters

cc: Labor Trustees