

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

25 Louisiana Avenue, NW
Washington, DC 20001

202.624.6800
www.teamster.org



JAMES P. HOFFA
General President

MEMORANDUM

To: Central States Employee Trustees

From: James P. Hoffa
General President, International Brotherhood of Teamsters

Date: October 9, 2015

Re: Central States Pension Fund Cuts

As General President of this great union, I write to you to express my outrage at the way the Central States Pension Fund has developed a plan to cut our members' and retirees' pensions and the callous way they have informed hundreds of thousands of families of the planned cuts.

I want you to know that we are receiving a deluge of inquiries from members and retirees who are fearful of their futures and are wondering how Central States could be so tone deaf in the way they chose to inform and "explain" the cuts pension beneficiaries will be subjected to should your plan be put into effect.

From reports we received from the recent meeting of local union leaders, we believe Central States Executive Director Tom Nyhan clouded the likely impact of cuts on actual people by using statistical chicanery by talking about "averages." We all know there is no true "average" member or retiree. There are, in fact, tens of thousands of participants that will receive cuts way in excess of any average – some up to 60%. For these participants, these cuts are truly life altering.

I am also outraged that Central States has made a conscious decision to not provide in-person help to local unions to explain the cuts to plan participants. We have been informed that Executive Director Nyhan has directed existing staff not to go to

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Local Union meetings to explain the cuts. That is unacceptable and a blatant disregard for the rights of our members and retirees.

You are aware that our union opposed the MPRA legislation that led to the formulation of the plan you have put forward. Nevertheless, and while I understand your fiduciary responsibility and the fact that I do not have *any* power over your decision making as a Trustee, I am calling on you from a moral standpoint to act in whichever way you deem fit to SLOW this TRAIN down: recall the proposal made to the Department of the Treasury; rethink its implications on the lives of real members; and seek more equitable ways to achieve its objectives.

I understand that fiduciary responsibility means protecting the solvency of the fund. I believe it also means protecting the living standards of the participants.

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JAMES P. HOFFA
General President

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KEN HALL
General Secretary-Treasurer

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October 9, 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:

The undersigned were in attendance at the October 2, 2015 meeting called by Central States Pension Fund (the Fund or Central States) concerning its application to the Department of Treasury pursuant to the Multiemployer Pension Reform Act of 2014 (MPRA), to reduce participant and retirees accrued benefits.

You represented during your presentation the average pension cuts would be 22.6 percent [see the handout distributed at the conclusion of the meeting] and that no one would receive a reduction greater than 50 percent. The reality is much worse for a majority of the Fund's beneficiaries because there is a portion of the participants (48 percent) whose benefits are not slashed under the "rescue plan." Those who are being cut will suffer on average a 40 percent reduction. Some will see their retirement checks reduced by a staggering 60 percent.

We have learned that the Fund is not willing to explain the cuts to plan participants. This is disturbing. Although you have had nine months to prepare for this moment, apparently Central States is not ready to have field representatives or office staff speak with beneficiaries about the Fund's "rescue plan." We also understand that the Fund has decided not to have field staff available at Local Union meetings to discuss the benefit cuts. Furthermore, the Fund apparently believes that its video tele-forum presentation scheduled for October 15 will be sufficient enough to answer questions raised by those affected. Prohibiting direct communications with participants and substituting a video tele-forum presentation for such contact is unacceptable. The Fund has an obligation to its active and retired participants to be transparent and thus a mandatory duty to send its field representatives to Local Unions to disseminate information about the reductions in pension benefits.

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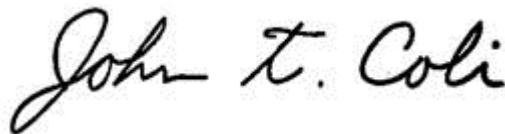
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We request that the Fund supply to Local Unions lists of active participants and retired beneficiaries identifying their current projected monthly pension benefits and what each individual's reduced amount will be under the "rescue plan." This information is absolutely essential so Local Union officials can attempt to fill the information gaps caused by the Fund's failure to assist locals. Additionally, this information is important to Local Unions leaders so they can explain, however limited it may be, the rationale of the cuts as proposed by Central States.

Sincerely,



John Murphy
International Vice President-East
International Brotherhood of Teamsters



John T. Coli
International Vice President-Central
International Brotherhood of Teamsters