

Trader Joe's cut retirement benefits during pandemic

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Workers at the major grocery chain Trader Joe's saw their retirement benefits slashed during the pandemic. Hidden in the company's internal January newsletter, called *The Bulletin*, was a change to "discretionary" contributions. While the company did not describe the alteration as a cut, the consequences were clear to workers.

Typically, Trader Joe's workers receive contributions to their 401(k) plan as a lump sum equal to 10 percent of their wage. This is a relatively large amount for the supermarket industry and is well above market standard of 3-6 percent offered by other companies, including those that have union contracts. Even workers who do not opt to invest part of their pay into their plan receive this amount.

This benefit has been a part of Trader Joe's brand image as a liberal, worker friendly company for years. In 2019, it was named the nation's number one place to work by Forbes.

But the recent cuts expose the falsehood that capitalists can exploit the working class in a friendly manner. Ultimately, the interests of the market and the crisis of capitalism demand that the company lower labor costs and extract as much profit from workers as possible.

Despite annual sales of \$6.6 billion and a yearly growth rate of 15 percent, according to *Supermarket News*, the chain has lower profit margins than most big name stores. Additionally, the international demands of finance capital to suppress wages in the name of "controlling inflation" have considerable weight.

In pursuit of these aims, the company decided to enact a draconian system to cut the retirement benefits of its employees. The maximum contribution from the company was cut to 5 percent for workers with less than 10 years at the company, effectively imposing a secret wage cut worth up to thousands of dollars a year.

Even those who have worked at Trader Joe's for 10 years are likely to suffer a cut, either now or in the future. The 10 percent contribution only applies to workers who have worked at least 700 hours for every year of the last 10 years. That means that any person who had to take time off for an

illness, injury, or other reason could lose half of their retirement fund contribution, even if that reduction in hours was years ago.

For the average Trader Joe's worker the cut to retirement benefits is equivalent to a pay cut of around \$1,500-\$2,000/year.

Additionally, workers must work for the company for six years before they can have access to their retirement funds, essentially holding workers' money hostage to encourage employee retention.

The change to the retirement plan has angered many workers at Trader Joe's, and has sparked a unionization campaign at a store in Hadley, Massachusetts.

One worker and union organizer, Sarah Yosef, told *More Perfect Union* that "The customers really, really have this idea that Trader Joe's is this amazing place to work and they take such good care of us because that used to be true. I think everything that we're asking for is what Trader Joe's is pretending to give us." She also noted that the company used the passage of the Affordable Care Act to cut back on health care benefits, particularly for part-time workers who used to be eligible for full health benefits.

Another worker, Woody Hoagland, spoke on how he was denied his health insurance coverage after being diagnosed with cancer in 2019. "I know that they didn't want to see me dead from cancer, but they also didn't want to pay any more than they had to. And as soon as they were able to remove me from their health insurance they did."

A number of workers at the Hadley location announced the formation of Trader Joe's United, a self-described "independent union," in an open letter to CEO Dan Bane earlier this month.

In the letter, the organizing committee stated, "Trader Joe's has continued to slash our benefits as our wages stagnate and our safety concerns go unaddressed. We've come to the conclusion that, in fact, a union is the only way to protect and improve our pay and benefits."

"Yet no union came to us. We organized ourselves . . . Together, we reached out to a union for legal and logistical

support . . . And together, we will win our election and plan for our contract negotiations,” the letter declared.

This is not the first time that a unionization effort has developed at Trader Joe’s, which currently does not have any unionized stores. Some Trader Joe’s workers had formed a unionization committee at the beginning of the pandemic, demanding greater health and safety protections from the company. The company cracked down, firing several workers and settling an unfair labor practices lawsuit. The Trader Joe’s Union Coalition fell apart by July of 2021.

As part of the crackdown, CEO Dan Bane sent out a letter to employees in March 2020 discouraging attempts of workers to organize. It included a link to a website with a list of “union contract facts,” which organizers of the Trader Joe’s United believe was created to present poor union contracts and create disillusionment with union organizing.

It is noteworthy that the first contract listed on the site was the recent King Soopers contract in Denver, Colorado. As the WSWS reported, the United Food and Commercial Workers union imposed the deal—which was nearly identical to the company proposal rejected by rank-and-file workers—after the UFCW betrayed an 11-day strike at King Soopers’ Denver stores.

The desire for workers at Trader Joe’s, Starbucks, Amazon and other employers to organize and collectively fight is fully understandable and should be supported by all workers. It is not possible to beat back the attack by giant corporations without organization. But the UFCW, the Service Employees International Union (SEIU), the Teamsters and the other official AFL-CIO unions have proven to be the greatest obstacles to the organization of workers for a genuine struggle.

Whether workers vote in such unions or not, they need their own organizations, controlled democratically by rank-and-file workers, which are not tied to the corporations and political establishment by a million threads. This means forming rank-and-file committees of the most trusted and militant workers to organize a fight that relies on the initiative and power of the working class. These committees will be committed to fight for what workers need—including living wages, fully paid health and pension benefits, and workers’ control of the pace of work and health and safety. They will not be afraid to go beyond the narrow confines of the US labor relations system, which is based above all on “management’s rights,” not the rights of workers.

The organizers for Trader Joe’s United, who say they have the support of two-thirds of 100 workers at the Hadley store, say they are carrying out an “Amazon Labor Union style” unionizing campaign.

But the experiences with the ALU demonstrate the failure

of this approach. The ALU won the first election at an Amazon warehouse in Staten Island, New York by distancing itself from the AFL-CIO unions, whose decades of sold-out struggles had led to the defeat of one unionization campaign after another.

But no sooner had the ALU won the vote that it immediately reached out to the Teamsters and other pro-company unions and Democratic Party politicians who serve the interests of big business. This was epitomized by President Biden’s decision to invite ALU President Chris Smalls and organizers from Starbucks United to a private White House meeting in early May.

Biden—who has spent his entire career as a shill for big business—knows that the official unions are not organizations of working class struggle but instruments of the corporations and the government to suppress the opposition of workers to declining living standards, inequality and war. The ALU and Starbucks United, which is affiliated with the SEIU, are looking for support from the government and pro-business unions and are therefore incapable of leading a struggle by workers that would lead to an inevitable clash with these forces.

The future and orientation of Trader Joe’s United is uncertain. No vote has been scheduled, though the local management has reportedly promised to not interfere in the vote. Corporate management has so far not made a public comment on the unionization effort.

Trader Joe’s United organizers have also met with established unions to seek “assistance.” The union, however, is not named and there is no indication to what extent they are connected. In any case, such “assistance” would come with strings attached.

Collective organization is absolutely necessary. But bitter experience has demonstrated the need to build new organizations that answer to workers, not the pro-company unions and the Democratic Party. Trader Joe’s workers interested in learning more about rank-and-file committees, should contact us for more information.



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