## As contract deadline looms at UPS

# Sixty percent cut in benefits floated for Teamsters’ New England pension fund

**Tom Hall**
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The New England Teamsters Pension Fund (NETPF) has floated an increase in the retirement age from 57 to 64 and a 60 percent overall cut in benefits. These massive cuts are being proposed as part of revisions to a “rehabilitation plan” which the financially troubled fund has participated in since 2009. By 2018, the NETPF was underfunded by $5.1 billion, the second-largest deficit of any multiemployer pension plan in the country, behind only the Teamsters’ Central States fund.

The proposal comes less than 6 months before the expiration of the Teamsters’ national contract at UPS on July 31.

In additional to axing all early retirement options, the cuts would eliminate disability pensions before the age of 64 and death benefits. The minimum retirement age of 57 is already the highest of all Teamster pension funds. These cuts would take effect for all future collective bargaining agreements. The rehabilitation plan applies only to workers hired after January 1, 2009, effectively creating a two-tier benefit structure.

The NETPF is one of around 200 multiemployer pension plans in the United States in financial distress. These are the product of, in addition to massive levels of corruption and financial mismanagement by the union bureaucrats who sit in the boards of these plans, decades of declining employer contributions.

This is the result of the declining size of active workforces (contributions are generally made by companies on a per-employee basis) as well as the exit of many large employers from these funds. UPS, the largest unionized company in America, was allowed by the Teamsters to exit both the NETPF as well as the Teamster’s Central States fund years ago, electing instead to administer its own pension programs.

The only alternative to the cuts laid out by the NETPF, according to a memorandum released by the fund, would be 8 percent compound contribution rate increases by the employers. However, such a modest increase would have to be agreed to separately by each company participating in the pension scheme, which covers more than 72,000 workers across multiple bargaining units.

The trend has been in the exact opposite direction, with massive cuts to contributions to Teamster pensions and similar funds around the country. For years, the NETPF has even operated a “transition program” which entices “legacy” employers to remain as participants in the fund by allowing them to pay contributions at a reduced rate offered to new employers.

The Teamsters’ Central States fund, which covers about 350,000 workers and retirees, was the target of massive benefit cuts of more than 50 percent in 2016. This campaign was spearheaded by the Obama administration, seeking to loot workers’ pensions on behalf of Wall Street. However, the proposed cuts were rejected by the US government as being insufficient to restore the fund to financial stability, and the fund was expected to become insolvent by 2025.

Last December, the federal government agreed to bail out the Central States Pension Fund to the tune of more than $35 billion dollars, using funding from the American Rescue Plan passed in 2021 which was set aside for ailing pension funds. The money will be sent in one lump-sum payment, which the plan will then invest in financial assets in order to generate additional revenue. The NETPF is also in the process of applying for a similar bailout.

Officially, this will keep the fund solvent through 2051. In reality that is far from certain, and depends on both market conditions and how the money is actually invested. A serious recession, which economists are predicting may occur as early as this year, could easily wipe out billions of dollars in risky investments made by the fund, such as occurred in the 2008-2009 recession. Moreover, the Central States fund is particularly notorious for corruption, having long been used as a piggy bank by Teamster bureaucrats, both to enrich themselves and to finance mob payoffs.

More fundamentally, while funneling tens of billions into financial markets via the pension fund, the bailout does nothing to resolve revenue problems caused by declining employer contributions, which is expected to continue even by the fund’s own forecasts. While the bailout is not apparently tied to any specific commitments to cut benefits, and reportedly will be used to restore at least some benefits which had been cut to save money, the program is intended only to give pension funds a temporary reprieve in order to carry out longer-term benefit “reforms.”

“What’s worth noting is that the bailouts create incentives for reform,” Josh Gotbaum, former director of the government’s Pension Benefit Guaranty Corporation which is administering the bailout fund, told *Forbes*. “This is essentially a 30-year fix. Any pension plan that thinks there’s going to be another one in 30 years is kidding themselves. They know they have to get their houses in order.”

**The role of Teamsters president Sean O’Brien**

The move by the NETPF is all the more significant given that New England is the former bailiwick of current Teamsters General President Sean O’Brien. O’Brien was president of Local 25 in Boston and Secretary-Treasurer of the regional Joint Council 10. O’Brien is still the co-chair of the NETPF, from which he almost certainly draws a significant income.

A former apparatchik of previous General President James Hoffa, the son of infamous Teamster president Jimmy Hoffa, O’Brien regularly threatened physical violence against his factional opponents within the union, including one 2013 incident for which he was temporarily suspended. However, O’Brien broke publicly with his mentor in order to prepare a run for union president in 2021. His campaign, in which he was elected amid the lowest-ever turnout in a Teamsters general election, received critical support from the pseudo-left Teamsters for a Democratic Union reform caucus, as well as the Labor Notes publication, which had O’Brien as a prominent speaker at its conference last summer.

TDU, which was formerly on the receiving end of O’Brien’s factional attacks, played a critical role in recasting O’Brien’s public image as a supposedly energetic organizer and union reformer, while top figures within TDU were rewarded with positions in the new administration, much to the disgust of many workers who had supported TDU.

For months, O’Brien has made militant-sounding statements in the press, pledging to strike UPS if a new contract is not in place before the July 31 expiration date, has called for substantial wage increases and the elimination of a second-tier delivery driver position, known as “22.4’s” after the relevant clause in the current contract. But the proposal to slash benefits at the NETPF exposes the real agenda in the upcoming contract talks. They are preparing to force significant concessions down workers’ throats.

Moreover, O’Brien and the Teamsters bureaucracy played a critical role in the sellout of rail workers last year, where two of the three largest unions are under the Teamsters umbrella. O’Brien was personally involved in White House talks which produced a wildly unpopular concessions contract which workers rejected, only to have it enforced in December by Congress.

Both in the United States and around the world, major corporations are currently engaged in massive layoffs in order to rein in limited wage growth. This campaign is beginning to spread to the logistics industry. Fed Ex announced earlier this month it was cutting 10 percent of its officers and directors, which are senior management positions, citing falling demand. Amazon also is laying off 18,000 mostly white-collar workers.

Layoffs are already underway at UPS. While the size and scope is not known, workers at several hubs around the country are reporting that 22.4 drivers are seeing significant cuts in their hours or being laid off entirely.

Both the Teamster bureaucracy, as well as the government and corporate America, are seriously concerned that these conditions could help to provoke a rank-and-file revolt at UPS. There is immense anger among UPS workers over the current contract, which created the new 22.4 position, and which the Teamsters apparatus unilaterally imposed in spite of the fact that workers rejected by a simple majority. Meanwhile, most of the company’s workforce are low-paid, part-time warehouse workers making little better than at non-union Amazon. The 2018 contract set the nationwide starting wage for warehouse workers at a poverty $13 per hour.

Among the rank-and-file, there is also immense skepticism and distrust against O’Brien and the new administration. “The honeymoon is over,” as one delivery driver told the WSWS. But this opposition must be made conscious and organized. This means the formation of rank-and-file committees, new, alternative structures, democratically controlled by workers themselves, which seek to take control of the fight out of the hands of the bureaucracy which are seeking to smother and betray it.