

UPS-Teamsters deal freezes pension contribution increases for most plans

Tom Hall
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UPS' contribution increases would indeed be frozen for the vast majority of its regional pension plans under the terms of the Teamsters' tentative agreement with the company. The release of language from regional supplementals to the national tentative agreement confirmed the plan.

Information about the pension contribution freezes began leaking out soon after the Teamsters announced a deal with UPS on July 25. The Teamsters bureaucracy was desperate to reach an agreement and block a national strike on August 1. The sellout contract proposal has already provoked widespread outrage and opposition among UPS workers, who are furious over substandard pay increases which would leave part-timers in poverty and drivers poorer due to inflation, among other givebacks.

The company's 340,000 workers are spread across more than a dozen pension plans with varying benefit levels, mostly governed by the supplemental agreements rather than the national contract.

For all but two funds—the IBT-UPS and New England funds—and one local rider, the Southwest, the company will contribute at the same rate as in the prior contract, with zero increases. These payments to the funds are made according to the hours worked by Teamsters members, and the exact levels are set by local supplemental agreements, rather than the National Master Agreement. The Southwest will receive only a negligible 25 cents per hour increase in the first year of the five-year deal.

The IBT-UPS fund, the largest at the company and covering 60,000 people, will receive an additional \$2.50 an hour. The New England fund will receive a \$5.26 increase to both healthcare and pensions spread out over five years, with the total going to pensions reportedly set at \$2.50. All other funds will receive no increases.

Language on page 24 of the national tentative agreement also clearly states that all non-distressed pensions would have their yearly maximum health and welfare contribution increases cut in half, from \$40 to \$20 per week. Since these contribution increases go to healthcare first, with everything left over going to pensions, this effectively means that no additional contributions would go to pensions.

The pension freezes are a massive concession to the company. It amounts to a freeze on funding for the currently solvent and better-funded pension funds to offset modest increases at the two most distressed funds. The result will be that the currently solvent funds will be worse off financially by the end of the contract than they are now. The amount of money the freezes will save the company is not clear, but it easily amounts to tens of millions, if not hundreds of millions of dollars.

The attack on pensions underscores the need for rank-and-file UPS workers to organize themselves to defeat the contract by the widest possible margin and take the conduct of their fight out of the hands of the corrupt Teamsters bureaucrats. After months of theatrical claims to be preparing for strike action, the union has produced a major betrayal. The UPS Workers Rank-and-File Committee has called for a “no” vote on the sellout, writing in a statement on July 28, “This is not a contract, it is an act of sabotage.”

Workers were outraged by the news. “If you were wondering where your pension money went, here it is,” one worker said. “Don’t let [Teamsters General President] Sean O’Brien rob us blind. Vote NO and take back the pension increases we all deserve!”

As news spread of the contribution freezes, the Teamsters apparatus issued strenuous denials. One circular distributed on the West Coast pension by Teamsters United/Teamsters for a Democratic Union, the pseudo-left “reform” group which has served as the de-facto PR team for the current union administration, declared that contributions would “absolutely not” be frozen, and denied that the language from the national tentative agreement meant a pension contribution freeze.

But even in its denial, TDU admitted: “In past contracts, UPS increased its contribution to the pension fund by approximately 50¢ an hour every year. We don’t know what the amount will be this year, but it will definitely be less.”

TDU continued: “Pension funds across the country told our National Negotiating Committee that they did not need additional contributions to protect and grow members’ pensions. With our pensions secure, the union used our bargaining power to win record wage increases.”

In other words, the inadequate wage increases in the contract are being canceled out by starving the pension funds. No worker was ever informed of this ahead of time, much less gave the Teamsters permission to do this.

The circular also denied that the “other Teamster pension funds” were “taking money from the Western Conference pension.” That would be “illegal ... and it’s not happening,” it said. But in reality, UPS and the Teamsters bureaucracy are skirting around this by having the company freeze its contribution to some funds while increasing its contributions to others.

Even in the case of the two funds receiving contribution increases, it is not being done to substantially improve benefits for workers. Workers in the IBT-UPS fund receive smaller pensions than workers in other funds, but retirees in the IBT-UPS fund will receive only an extra \$400 a month in benefits, the same increase as in the previous two contracts. Those who reach at least 25 years before the end of the new contract in 2028 would also receive an additional \$600 a month.

TDU dishonestly claimed that it was committed to “ending substandard pensions in the IBT-UPS Pension Plan and other funds,” and called on workers to “support” the bureaucracy: “Our National Negotiating Committee can get it in writing at the bargaining table, but rank-and-file Teamsters need to take up the fight.”

The IBT-UPS fund was created in 2007, when UPS withdrew from the Teamster-operated Central States fund and replaced it with a new company-administered plan. The Central States fund, used for decades as a slush fund for the Teamsters bureaucracy, was by far the most financially distressed multi-employer pension fund in the country, and the withdrawal of its single largest employer from the fund pushed the fund down even further.

In late 2015 and early 2016, the Obama administration considered slashing pension payments for retirees by an average of 30 percent, with some receiving notices their benefits would be cut by as much as 80 percent. However, that plan was ultimately abandoned. The Central States eventually received a \$35 billion bailout under the Biden administration last December.

Since the bailout of the Central States, the New England

Teamsters Pension Fund (NETPF) is now the most underfunded in the country. It has been hemorrhaging money, losing over \$200 million in value and going from 48.2 percent to 40.4 percent in just three years, from 2019 to 2021. One of the major reasons for this is that the Teamsters allowed UPS to exit the fund in 2012 and “rejoin” it with a contribution rate frozen at \$6.20 per hour for 10 years (the rate was increased last year to \$11.15). By comparison, UPS pays \$13.21 per hour to the Southwest rider.

Significantly, the NETPF is co-chaired by Teamsters General President Sean O’Brien, who came to control the fund from his time as the top Teamsters official in the New England region. O’Brien, who made over \$350,000 in total compensation last year, also receives a second pension as a member of the fund’s Board.

Earlier this year, the NETPF applied for its own federal bailout. In its “rehabilitation plan” submitted to the government, the fund said that, absent a federal bailout, it would have to cut pensions by 60 percent and increase the retirement age from 57 to 64, or else implement an 8 percent compound contribution increase for all of the employers in the fund.

The status of the bailout application is not clear. A notice on the fund’s website says that it “withdrew” its application on May 30 and that it would file a “revised” application “in the coming weeks.” This in and of itself is not unusual—the Central States similarly withdrew and re-submitted its application before finally receiving its bailout—but no updates have been posted to the website since June.

Regardless, the pension contribution freezes for the other funds is another exposure of this so-called “historic” tentative agreement. Workers must reject the contract by the widest possible margin.



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