Resolution No. 22

Protecting Our Pensions

WHEREAS, it is a guiding principle of the United Steelworkers and an advanced society that a lifetime of work earns a worker the right to a time of rest in his or her golden years, and that expectation has traditionally been secured in the US through a three pronged approach of Social Security, personal savings and defined benefit pension plans; and

WHEREAS, the United Steelworkers has for its entire history been engaged in the effort to provide our members with dignity and security in retirement; and

WHEREAS, both single employer and multiemployer defined benefit pension plans offer the greatest income security by providing a lifetime benefit which is insured by the Pension Benefit Guarantee Corporation and supported by the assets of the sponsoring or participating employers, and provide retirement benefits more efficiently than any other plans available; and

WHEREAS, the Pension Protection Act of 2006 (PPA) established complex and rigid funding and reporting rules which make the maintenance of defined benefit pension plans exceedingly difficult by increasing funding requirements when the sponsors can least afford it and placing limitations on Unions’ abilities to bargain benefit improvements, and which have made these plans so onerous to sponsoring and participating employers that the whole system of defined benefit pension plans in the US is at risk; and

WHEREAS, the legislative relief that has been offered so far has been a cover-up to the structural problems of the law rather than a real solution and has only served to push the problem down the road; and

WHEREAS, the 2008 economic collapse and the recession which followed and from which our economy still has not recovered has placed additional stress on defined benefit pension plans, causing many plans’ asset values to drop and liabilities to rise as a
result of investment losses and declining interest rates, while at the same time the
sponsoring and participating employers have endured financial difficulties that make
satisfying increased funding requirements difficult; and

WHEREAS, the Federal Accounting Standards Board continues to propose accounting
standards for companies participating in multiemployer defined benefit pension plans
which create significant burdens to the participating companies and the plans while
providing little meaningful information to the users of public financial reporting
documents; and

WHEREAS, in Canada, only pension plans registered in Ontario are covered by a
Pension Benefit Guarantee Fund; and

WHEREAS, the Ontario PBGF has an inadequate maximum benefit of $1,000 per
month, a benefit level which remains unchanged since the 1980s; and

WHEREAS, Canadian workers and retirees whose employers went bankrupt with
underfunded pension plans have suffered drastic benefit cuts, while banks and other
creditors enjoyed priority claims on the companies’ assets; and

WHEREAS, Ontario has new regulations specific to underfunded university pension
plans unfairly requiring reduced benefits or increased employee contributions; and

WHEREAS, the market, regulatory and accounting environment combined with
pressure from Wall Street’s short term investors have driven many of our employers to
try to eliminate their existing defined benefit plans and to vehemently oppose adopting
new defined benefit plans in an effort to avoid the liabilities associated with such plans
and to propose inadequate defined contribution plans in place of a defined benefit.

THEREFORE, BE IT RESOLVED that:

(1) We commend our local unions and staff who take a stand to defend and improve the
defined benefit pension plans that we have in place.

(2) Where a defined benefit pension plan does not exist, each USW bargaining unit in
the U.S. should demand that one be put into place, either in the form of a single
employer or multiemployer defined benefit pension plan; and

(3) We should advocate strongly, both through our pension funds and participating
employers and through membership in pension advocacy groups like the National
Coordinating Committee for Multiemployer Plans (NCCMP), for government
support of defined benefit pension plans, that the Pension Protection Act of 2006 be
permitted to sunset and for dramatic changes to be made to pension laws and
regulations and accounting standards such that will encourage well-funded pension
plans in a sustainable and responsible manner.
(4) In Canada, we advocate for higher priority for the pension obligations owed to our members in bankruptcy, for creation of a national Pension Guarantee system, for an increase in the Ontario PBGF maximum benefit and for elimination of the Ontario government’s requirements for employee concessions in university pension plans.

(5) In situations where all efforts have been exhausted to protect or put into place a defined benefit plan, and the conditions are such that we are forced to consider a defined contribution plan, we must negotiate provisions that require the company to make contributions which provide adequate savings and real financial security for our members throughout their retirement and include elements which minimize the major risks associated with these plans, including financial education programs, disability insurance, and company contributions while on sickness and accident leave and other absences.