



Pennsylvania Conference of Teamsters

Strength in Numbers 95,000

William Hamilton, President & Eastern PA Legislative Coordinator – Joseph Molinero, Sec.-Treasurer & Western PA Legislative Coordinator – Tim O'Neill, Consultant – Dan Grace, Trustee & Legislative Advisor – Robert Baptiste, Esq. Legal Advisor

LEGISLATIVE ACTION ALERT

UPS to freeze pension plans for non-union employees



In an article published on June 28, 2017 in USA TODAY®, the on line paper stated that United Parcel Service, the nation's largest package delivery company, said Tuesday it will freeze its pension program for 70,000 nonunion employees in five years and replace it with 401k accounts, reacting to a rising pension deficit and joining other large corporations that have phased out traditional retirement plans.

As of the end of 2016, UPS' pension deficit in the U.S. totaled \$9.9 billion. It owed \$41.1 billion to retirees and current employees who are enrolled in the pension plans, but had enough to fund only 76% of what it owes.

UPS has about 350,000 employees in the United States, including about 78,000 who are not members of unions. About 70,000 of the non-union employees -- many of them managers or supervisors -- currently are enrolled in the "defined benefit" pension plan, or its traditional plan in which the company specifies the amount to be paid to an employee upon retirement and manages investment plans with the goal of having sufficient funds.

In June, 2016, the traditional plan was discontinued for new employees, said UPS spokesman Steve Gaut.

On Jan. 1, 2023, UPS will stop funding the traditional program even for those who are currently enrolled in it. That means any UPS employee in the program who will retire after the date will receive a monthly retirement sum that comes from a mix of the traditional plan and the replacement 401k plan.

In the 401k plan, UPS places 5% to 8% of employees' compensation -- depending on their years served in the company -- into their 401k accounts. And employees have to manage investment plans, such as how much of the money to allocate to stocks versus bonds.

The change doesn't affect its 272,000 union employees in the U.S. But their contracts expire in July next year, and negotiations will almost certainly include the issue of retirement funding plans.

Gaut says UPS will also offer a savings-match program for affected employees. In the program, employees can opt to contribute their own money and UPS will match 50 cents on the dollar up to 6% of their pay.

View Full Story at:

<https://www.usatoday.com/story/money/2017/06/28/ups-freeze-pension-plans-non-union-employees/434287001/>