

More Pension Promises

The Ball is in Our Court

By: **Kevin Giegoldt, UAL mechanic, Chicago**

I would like to thank the international people and the Teamsters for the opportunity to speak to Congressman Lipinski about airline safety and the impact on jobs in the Chicago area if United Airlines decides to move forward with the selling of its maintenance base. The effect of this could be disastrous to Chicago and its vicinity.

We were also able to speak to Senator Richard Durbin's aide on the same issues. We were assured that Senator Durbin is well aware of the situation at United Airlines and would welcome creative ideas on solving the third party maintenance issue.

Most impressive was our meeting with the Teamsters General President, Jim Hohn. I could see the sincerity and commitment that he and the other members of the Teamsters are giving, trying to help the mechanics and related of United Airlines overcome the bad experiment that is known as AMFA.

The ball is in our court. We have the opportunity to change the course at United Airlines, and with the help of the Teamsters, we can ensure security for ourselves and our families.

401(k) vs. Western Conference of Teamsters Pension Trust



By: **Paul Molenberg, UAL mechanic, San Francisco**

Unlike the AFA, which fought to the very end to keep their pension, the AMFA was a quick sell to replace the pension with a 401(k). It's outrageous that because of the theft of our pensions we face a less secure retirement, and now the AMFA is contending that 401(k)'s are better than Defined Benefit Plans. This is a position that no union has ever taken, nor should they.

The 401(k) was originally introduced as a **SUPPLEMENTAL** plan and as a way to defer taxes on income. It was never intended to be a substitute for Defined Benefit Plans. But over time, pension coverage shifted in the private sector from Defined Benefit Plans where professionals manage the money, to 401(k) plans where participants choose the investments in their own accounts.

Granted, we don't want the company to hold our pension funds ever again, but there is another option. The Western Conference of Teamsters Pension Trust offers us a fantastic opportunity to regain a Defined Benefit Plan.

So which one is better, a 401(k) or the Western Conference of Teamsters Pension Trust? Let's look at some facts:

In a study by the Center for Retirement Research at Boston College¹, it was concluded that over the period 1988-2004, Defined Benefit Plans outperformed 401(k) plans. This is simply a measure of the median investment returns. The better returns of Defined Benefit Plans are due in part to 401(k)'s charging higher fees, which are deducted from the investment profits before they are reported to the participants.

Another reason for the higher rate of Defined Benefit returns is due to poor investment choices of the participants of 401(k) plans. Below average returns are common due to the lack of knowledge of

the market and of their investment portfolios. The majority of people do not study the market, continually monitoring their assets and changing with the trends. Do you know what your stock fund's major holdings are? Do you know what bond rating is held by your bond funds? How many people can tell how their portfolio is diversified, what percentage is in stocks or bonds, domestic or international, or what their asset allocation is? How many have actually defined their risk tolerance and abide by it? How satisfied would you be if your contributory plan took a 25% reduction within the next thirty days and remained in a bear market for the next two years? This is something not unheard of in the market's history.



The Western Conference Pension has always taken a **conservative approach to investing**, which has increased the plan's immunity to economic downturns. The plan is in a fully funded status for vested benefits and has a funding ratio of 93.8 percent for the January 1, 2006 valuation. This ratio is projected to exceed 95 percent when the January 1, 2007 valuation is completed. The plan's investment performance has ranked it among the very best in the world among its peer group. With nearly \$32 billion in assets and more than 5,200 employer accounts, it's the largest multi-employer Taft-Hartley plan in the world.

Benefits Speak for Themselves

Long-term benefits of Defined Benefit Plans are another advantage. It's a guessing game as to how long you're going to live after retirement and how much money you will need. The Western Conference Pension will give you **lifetime monthly benefits**, and unlike 401(k)'s, you cannot outlive your benefits. If you live longer than expected or get stuck with unanticipated

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