Statement of James Dale Hanner
“Keeping Our Promise to America’s Seniors: Retirement Security in the 21st Century”
Before the Committee on the Budget, U. S. House of Representatives

May 15, 2019

Chairman Yarmuth, Ranking Member Womack, Members of the Committee, I want to thank you for inviting me to speak at today’s hearing on Retirement Security in the 21st Century.

I am Dale Hanner. I am a Teamster retiree and the Secretary-Treasurer of the North Carolina Committee to Protect Pensions, NCCPP. I am retired with 36-years of service with four different companies that participate in the Central States Pension Fund (CSPF) a multi-employer pension plan which is facing insolvency within six years.

The multiemployer pension system, of which the Central States and Southeast and Southwest Pension is a part, has for many decades been an essential foundation for providing financial security in retirement for millions of Americans and their families.

Now, through no fault of their own, the hard earned pension benefits of millions of retirees are being threatened due to the pending insolvency of a number of these multiemployer plans. The biggest of these financially troubled pension funds is the Central States, Southeast and Southwest Areas Pension Plan which covers approximately 400,000 active and retired truckers.

The Central States multi-employer pension plan has allowed me to build & retain years of service that would have been lost in a single employer plan. It had allowed me to plan for and build a secure and stable retirement for me and my wife.

My fellow retirees and I gave up wages, vacation pay, and other benefits in exchange for the pension benefit we’ve earned, been promised, and have been counting on. Our financial security for our retirement years is now in jeopardy. This is why I became involved in the NCCPP.

The purpose of the North Carolina Committee is to educate and advocate for our state’s more than 12,000 CSPF retired and active working members. The NCCPP is a member of the National United Committee to Protect Pensions, NUCPP.

I would like to tell you about a few of our survivor members and their situations.

In their generation, CSPF offered a survivor benefit package requiring retirees to forfeit or give up 15 percent of their pension in order to leave 50 percent of their pension to their surviving spouse.

One member’s husband’s pension was $1,375 per month. After his death, her survivor benefit is now $750 a month. In this financial situation, she has had to forgo two medicines because of cost. She pays her hospital bills and those for her late husband on monthly payments.

The pension benefit of another member was $700 per month. After her husband's death, her pension is $385 per month. She is a diabetic and pays $600 for a 90-day supply of insulin. This is an out-of-pocket expense for her.

One 78-years young surviving member draws $318.75 of her late husband's $630 pension. She works at least 3 days a week to supplement her income.

As you can see, these are not large/hefty pensions that are being collected. In fact, the average monthly pension payment to a CS retiree is $1,200. So any potential cut in retiree benefits would be devastating.

In addition to food, property tax and housing maintenance expenses, the NC Public Utilities and the property insurance companies intend to petition the state for rate increases this coming year due to damage from hurricanes that hit North Carolina. Gas has increased $0.25 in the last two months.

Every year the cost of living expenses increase. Once we retire, there is no cost of living income increase. Stories have circulated on Capitol Hill that one of the conditions for a pension fix is the retirees must have some skin in the game. Truthfully, some retirees are being skinned alive as it is.

Approximately 1,200 CSPF retirees die each year. A close working colleague of mine has just finished his first week of hospice. He is a Vietnam Veteran and has 28 years of service in CSPF. The average age of a CSPF retiree is 72 years old with a life expectancy of 81 years, according to CSPF.

My friend is 70 years old. His wife is about the same age. In 2018 he spent 200-days in and out of the hospital and rehabilitation centers, after contracting a blood infection he picked up in the hospital resulting from a procedure to remove a nerve stimulator in his back. Can you imagine dying not knowing if the financial security you planned will be provided for your surviving spouse?

A term CSPF assigned to us is "orphans". Their definition of an "orphan" is a retiree whose company is no longer in business paying into the fund. CSPF has stated the "orphans" are draining the fund.

A colleague of mine, an "orphan," has accumulated 30 years of service while enduring 4-back surgeries. His doctor told him he can no longer work as a truck driver. He was 2-years shy of retirement age. He has applied for Social Security Disability, which is mandatory to qualify him for a CSPF disability benefit. Currently, he is home with no income and burning through his 401K. This man has paid over $275,000 into CSPF in his working 30-years and has never collected a dime of his retirement. How is this orphan draining the system?

We despise the term “orphans”. We were abandoned by the very companies we built. These companies left without paying their withdrawal liabilities. Bankruptcy judges dismissed their withdrawal liability debts so these obligations could not be collected. The retirees are victims in this situation and this crisis.

H.R. 397 is the best and the only real solution to help retirees and protect their hard earned pensions. It will avoid retiree benefit cuts. It will provide improved retirement security for retirees and workers. The loans will not only enable plans to secure the pensions promised to retirees and their families, but also direct remaining assets and all future contributions to fully protect benefits for active workers.

H.R. 397 aims at financially supporting pension plans so they don’t fail. It would do this through what many of us call a public-private partnership. Capital for the 30 year loan program proposed by the bill would come from the private sector through Treasury issued bonds in the open market. These bonds will be fully backed by the Treasury. It will be administered through the Pension Rehabilitation Administration established within the Treasury Department.

For some plans the PRA loan will not be sufficient. Some will need additional help from the government. The bill proposes that the PBGC provide that assistance. This PBGC assistance will cost significantly less than the cost of PBGC and plans failing and the cost to the U.S. economy.

People have asked if there is oversight. The answer is yes. Pension plans applying for loans must submit detailed financial projections. The loans will have to be approved by the PRA/Treasury. Pensions that have borrowed money will have to submit reports every three years to show that the loans are working. They will have to take steps if their financial condition begins to deteriorate. PBGC and ERISA protections remain in place.

Some have said this is a bailout. It is not. It is backstopping the loans. This is common for many loan programs. And, the legislation includes mechanisms to greatly reduce the likelihood of loan defaults such as strengthening plan solvency through defeasing retiree liability and tightening withdrawal liability provisions.

Our pension fund has decreased from 16 billion to 13 billion within 2.5 years and Central States is only 27 percent funded. Very soon CSPF will not qualify for a loan. Our fund will go insolvent and we will be turned over to the PBGC. After paying to insure our pensions since 1974, we have been told our PBGC payout of pension will only be pennies on the dollar because the PBGC is broke.

In closing, I also want to express my gratitude to the bill’s sponsors, Chairman Richard Neal and Congressman Peter King, and to the Members of the Committee and Congress who support H.R. 397, the Rehabilitation for Multiemployer Pensions Act.

Please let us work together to find a solution. Time is running out on us.