

What's Next For Central States?

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Central States, Southeast and Southwest Areas Pension Fund appears to have thrown up its collective hands following the Department of the Treasury's rejection of its emergency rescue plan on May 6, 2016. A copy of the [rejection letter is available here](#). Central States' proposal, which would have cut benefits for more than 270,000 Teamsters retirees by as much as 70 percent, was filed with the government under the procedures set up in the 2014 Kline-Miller Act, which amended the Multiemployer Pension Reform Act. The Treasury rejected Central States' proposal finding that it did not "satisfy the statutory requirement that it be reasonably estimated to avoid insolvency." Specifically, the Treasury Department found that Central States' notifications to participants were far too technical for participants to understand; the proposal unevenly imposed cuts among retirees; and the plan was based on investment return results that the Treasury found to be "significantly optimistic." Central States has made it clear that it expects to run out of money in 2025. As of the end of last year, the fund showed \$16.8 billion in assets and \$35 billion in retiree obligations. Government intervention would appear to be the fund's only hope. Central States has said the only way it won't run out of money is through government funding, either directly to its pension fund or through the Pension Benefit Guaranty Corporation (PBGC). "In the coming months, we will do everything in our power to support a legislative solution that protects the pension benefits of the more than 400,000 Central States participants and beneficiaries, who should not have to bear the emotional trauma of waiting until the fund is at the doorstep of insolvency before Congress acts," Central States said. But Central States is not alone. Bricklayers & Allied Craftsmen Local No. 7 Pension Plan, based in Austintown, Ohio, recently became the sixth fund to file an application for benefit cuts. Though filed June 28, the application was posted to Treasury's website just last week. In addition to Central States and the Bricklayers, emergency rescue plan applications have also been filed by Teamsters Local 469 Pension Plan in Hazlet, N.J., Iron Workers Local 17 Pension Fund in Cleveland, Ironworkers Local 16 Pension Fund in Towson, Md., and Road Carriers Local 707 Pension Fund in Hempstead, N.Y. Like Central States, the Road Carriers' application was also denied. Check out the following links, if you are interested in learning more about issue: :

- [MarketWatch - Opinion: How the Teamsters pension disappeared more quickly under Wall Street than the mob](#)
- [MarketWatch - Opinion: Losses under Goldman, Northern Trust accelerated Teamsters cuts](#)

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