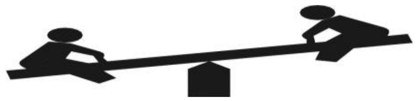
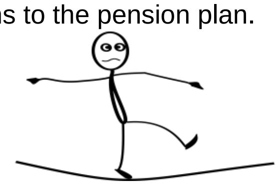
# When Bargaining—Pay Attention to Your Pension!

NSO affiliates are being forced to be creative when trying to bargain in the post-*Janus* landscape. Management has always claimed budgets are tight (what's new?) and to address that issue more affiliates turn to the tried and true retirement incentive. But that strategy can really hurt your pension. How?

## Creating Pension Imbalance



When bargaining retirement incentives, consider how they will affect your pension plan (especially if you're part of a multi-state plan like the NEA Plan). Be certain to bargain all positions being vacated *will be filled*. You unintentionally create a serious pension imbalance when employees retire but are not replaced. When these are bargained without filling positions, we inadvertently create imbalance in our pension plans when employees retire and are not replaced—more individuals are collecting pension benefits, but fewer employees are paying into the pension. Generally, that imbalance can only be corrected by increasing employee/employer contributions to the pension plan.



## Creating Pension Instability

Pensions are already under attack. "Traditional defined-benefit pensions are rapidly disappearing in the private sector—less than 15 percent of workers have them. Most public sector workers still have them—more than 20 million are either now receiving or looking forward to a pension. However, public sector pensions are coming under attack from the American Legislative Exchange Council (ALEC) and other right-wing groups. Over the last four decades employers have been anxious to convert the traditional defined-benefit pensions into defined-contribution 401(k) plans."[1]

More employers are proposing to enroll new hires into individual employee savings plans rather than a defined benefit plan. Newer employees tend to like the 'freedom' this type of arrangement might offer (portability, they make decisions on investments, etc.) but this will create pension instability as employees retire and fewer are left to contribute to the plan. We can address this issue by pointing out to management that they too are in our defined plan and that splitting off new hires will hurt them as it will our folks. We also need to provide some training for our newer members that the "employee savings plans" are far less beneficial in the end than a defined benefit plan. Employers aren't proposing them to improve employee financial health—they are offered to cut the Employer's bottom line.


## Focus on Retirement Rather than Just Increasing Salaries and Benefits:

If your pension plan needs additional funding, bargain additional funding. As our members age, we have an obligation to fortify long-term financial security—rather than looking at the right now. Be cognizant of how your proposals might affect your pension. (And if you are a part of the NEA Pension Plan, be mindful that what you bargain in terms of pension contributions affects your brothers and sisters in 12 other affiliates, too!) Rely on NSO to assist to analyze proposals; both ours and managements. Don't just bargain for the short-term.

We have been successful bargaining increases to salary and benefits and created that revenue stream often by bargaining exit/retirement incentives. However, if we don't address the imbalance those incentives can create in our pension plan, we risk that the pension on which we rely will be reduced or eliminated. Don't think it can't happen. It can, and it does! Moreover, it's very unlikely we'll find the kind of work after we retire needed to replace the pension benefits we were drawing ***if*** that pension is reduced or terminated.

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[1]http://www.labornotes.org/2018/01/attack-workers-retirement