



Pension Benefit Guaranty Corporation
A U.S. Government Agency

PBGC Divides Chicago Trucker Pension Plan to Extend its Solvency

FOR IMMEDIATE RELEASE

May 26, 2010

WASHINGTON-The Pension Benefit Guaranty Corporation (PBGC) today announced that the Chicago Truck Drivers, Helpers & Warehouse Workers Union (Independent) Pension Fund, a multiemployer pension plan based in Chicago, Ill., has been divided into two separate plans. The agency's action, effective July 1, extends the solvency of the Chicago truckers' plan, and preserves full benefits for about 3,700 workers and retirees of non-bankrupt trucking firms that contribute to the plan.

Another 1,500 current and former employees of bankrupt trucking firms will be shifted into a newly created multiemployer plan that will receive about \$4 million annually in [financial assistance](#) from the PBGC. Retirees in the new plan will receive benefits according to the limits set by federal pension law. Individuals who retire after 30 years of service may be eligible for a guaranteed benefit of up to \$12,870.

The PBGC approved the move because without partition, the Chicago plan may have become insolvent in 2013, and federal benefit limits would have applied to all its retirees. Partition of the plan may delay insolvency to 2019 or later.

The Chicago plan's administrator applied for partition because the plan was running out of money to pay benefits. The shortfall resulted from the [bankruptcy](#) and withdrawal from the plan of 52 contributing employers from 1982 to 2004, which reduced the plan's funding levels.

Federal pension law allows the PBGC to partition multiemployer pension plans in cases where a significant number of contributing employers have filed for bankruptcy, the plan is likely to become insolvent in the near future, and to reduce the risk of plan insolvency.

The Chicago plan was created in February 1955 and currently has 57 contributing employers, not including the 52 employers that have withdrawn from the plan because of bankruptcy. According to plan documents, the Chicago plan's contributing employers, mostly trucking concerns, were heavily affected by the recession in the late 1990s, which forced a significant number of companies to withdraw from the fund or [file for bankruptcy](#) protection and cease operation.

In June the Chicago plan's administrator will send letters explaining the change to workers and retirees in the new plan. Currently the PBGC gives assistance to 42 insolvent multiemployer plans, which cover approximately 94,000 participants.

Multiemployer plans are pension plans sponsored by unrelated employers that usually share a common industry, and are funded according to the terms of collective bargaining agreements. Unlike PBGC's protection of plans sponsored by a single employer, the agency does not take over insured multiemployer plans, but instead sends financial assistance to insolvent plans. After a multiemployer plan notifies the agency that it has become insolvent, the PBGC begins to fund the plan to ensure guaranteed benefits are paid. The frequency of the payment schedule is based on the size of the plan. Generally smaller plans are paid on a quarterly basis, while larger plans receive monthly

visited on 8/20/2012

assistance.

The PBGC multiemployer [insurance](#) program protects the benefits of about 10 million workers and retirees in almost 1,500 multiemployer defined benefit pension plans. At the end of fiscal year 2009, the program had assets of \$1.5 billion to cover about \$2.3 billion of financial assistance expected to be paid in the future. For more information on the multiemployer insurance program, see PBGC's fact sheet. www.pbgc.gov/media/key-resources-for-the-press/content/page13544.html

The PBGC is a federal corporation created under the Employee [Retirement](#) Income Security Act of 1974. Through its separate insurance programs for single-employer and multiemployer pension plans, the PBGC guarantees basic pension benefits earned by 44 million American workers and retirees participating in over 29,000 private-sector defined benefit pension plans. The agency receives no funds from general tax revenues. Operations are financed largely by insurance premiums paid by companies that sponsor pension plans and by investment returns.

— ### —

PBGC No. 10-35