

Federal Accountability Office probes pension fund's losses

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Bob Amsden, head of The Wisconsin-Milwaukee Committee to Protect Pensions shaking hands with Speaker of The House, Paul Ryan. (THE WISCONSIN-MILWAUKEE COMMITTEE TO PROTECT PENSIONS)

The Government Accountability Office is investigating massive financial losses by the Central States Pension Fund — with a pair of simultaneous probes, the federal agency said Tuesday. The investigations were launched separately a few months ago at the request of about 50 members of Congress, said Charles Jeszeck, the GAO director overseeing the probes.

The Central States Pension Fund is one of several specialized retirement plans in imminent danger of insolvency. It covers 307,000 Teamster retirees and 100,000 active members — primarily truck drivers in 37 states, including Minnesota, Texas, Wisconsin and Ohio.

And there are several other private-sector union pension funds — known as multiemployer plans — in the same dire straits. Some are in New York.

“We consider this a very important issue. It affects a large number of working people and retirees. We are taking these (investigation) requests seriously,” Jeszeck said.

The first probe is looking at the 1982 government takeover of Central States Pension Fund through a consent decree. The decree took control of the Teamsters pension fund to kick out the mob — which often borrowed money from the fund but paid 6 % interest, the union said.

Under the Labor Department’s watch, the fund began to bleed money — and over two decades of deregulation and stock market fluxes, what started as a trickle became a hemorrhage.

The focus of the probe “is really the role of the consent decree in everything that’s gone on with the fund, and the role of the Department of Labor in general in overseeing the fund,” Jeszeck said.

The second probe targets the financial policies and financial performance of the fund over the years, according to Jeszeck.



Jamie Kalamarides, Prudential Retirement's senior vice president of Institutional Investment Solutions testifies before Senate Special Committee on Aging about critical need to increase retirement security for American workers of small employers, during Opportunities for Savings Hearing in Washington. (JOSE LUIS MAGANA/AP IMAGES FOR PRUDENTIAL)

“We’re looking at how the performance of the fund compares to other benchmarks and things like that,” he said. The GAO aims to have a draft report on each probe to share with Congress by July.

Teamster retirees are sharply critical of the Labor Department’s oversight of their fund.

Bob Amsden, a former Teamster trucker who has been lobbying Congress to save his pension, said the government made the fund sell its assets and “put us into the hands” of Goldman Sachs and JPMorgan Chase.

“They wiped (us) out while walking away with \$18 million in management fees,” Amsden said.

At one point, Central States had 34 fund managers from private-equity firms handling its investments, he said. “By comparison, Teamsters Western States Pension is 97% funded, and it has one manager — Prudential,” Amsden said. He and other retirees are desperately trying to avoid the fate that befell 4,000 retired Teamsters Local 707 truckers in New York.

Their pension fund ran out of money last month and their benefits were slashed as a result. They are now collecting roughly a third of what their monthly payouts should be — and the money comes from a pension insurance company.