



Statement by Sara Chambers, member of UAW Local 182, before the Senate Committee on Health, Education, Labor, and Pensions for a hearing on *Taking a Serious Look at the Retirement Crisis in America: What Can We Do to Expand Defined Benefit Pension Plans for Workers?*

February 28, 2024

Good morning,

My name is Sara Chambers, and I am a proud fourth-generation Ford autoworker. I followed my great-grandfather, two of my grandparents, and my mother's footsteps. I build cars for a living and am proud of the work I do. The difference between myself and those prior generations is I don't have a pension. I don't have retirement security. Do you know what that feels like?

For seventeen years, I've been an autoworker. I worked my way up as a temp, working for a Ford spinoff, and finally after 6 years getting hired on permanently in 2012. That was a big moment for me. For generations, getting a job at Ford has meant stability and security. It has meant being able to plan a life for yourself, for your kids. It meant being able to buy a house, and see a future for yourself.

For those of us hired in after the financial crisis, it hasn't been that for us. It has been us fighting tooth and nail to get back the American dream and try to turn these jobs back into careers again, like they were for my parents and grandparents who built this country and the American auto industry.

My two grandparents who retired from the Big Three had very different paths. My grandfather gave three decades to Ford, and in return was able to retire at 55 with a pension and post-retirement healthcare. He was afforded the dignity of a life after retirement. He was able to have a life with his kids, his grandkids, and even great grandkids and be a part of his community, not just work 'til he died.

My grandmother had a different path. She was hit with Lou Gehrig's disease and had to retire early for her illness. But she didn't have to choose between doctors and rent, or food. She knew she had post-retirement healthcare and a pension to rely on, as she struggled with her health.

For me, in sickness or in health, I don't know what the future holds. And that kind of instability is its own kind of disease. It causes fear and anxiety among working class people who don't know how long they're going to last at a job. It makes you say "*maybe I won't buy that house. Maybe I won't put down roots. Maybe I won't stay at this company.*"

I didn't become a fourth-generation autoworker because I love building cars. I didn't become a fourth-generation autoworker because of the hard work, the low starting pay, and the lack of retirement security we know now. I come from a family of autoworkers because for years it's been a good blue-collar job where you can put in your time and get something back for it.

In a lot of ways, for generations, Ford was the American dream. It meant if I chipped in, if I worked hard, I would be able to have a life after Ford. But, without a pension and post-retirement healthcare, you have people leaving this company after 30 years service with nothing more than a "*have a nice day. Hope the stock market doesn't crash.*"

As you know, the UAW won some major victories last fall in our six-week strike. I'm proud of what we accomplished after 15 years of falling behind after the financial crisis. But we still fell short of what generations of autoworkers had. We still fell short of that American dream.

The companies were adamant that they couldn't afford to add to their pension liability. They said that Wall Street would look down on them for adding to their liability, which could affect their stock prices and possibly lead to a lower credit rating.

Nowadays, a stock price is more important than the lives of 150,000 autoworkers. That's 100 percent wrong.

Our next UAW contract expires in 2028. And we're ready to fight like hell for real retirement security, for a pension and post-retirement healthcare. There's an old labor saying, "*will strike if provoked.*" Wall Street calling the shots and telling the Big Three that autoworkers can't have retirement security, that's what I call being provoked.

There's another old labor saying: "*Which Side Are You On?*" So, I want to close by asking you, our US Senators, Democrat, Republican, or Independent, who are meant to represent us: Which Side Are You On? The American worker who elects you? Or corporate greed and Wall Street executives who say a dignified retirement is too much to ask?

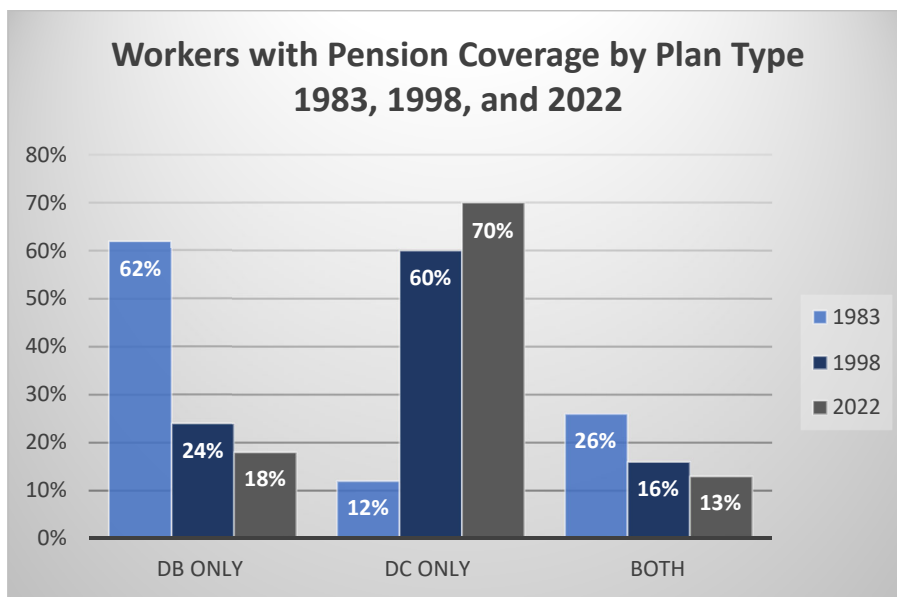
Thank you for your time.

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RETIREMENT SECURITY FACT SHEET

If you work your entire life, you should not have to worry about poverty or being able to see a doctor. We used to take care of workers in this country. People used to have real pensions and knew that they would be stable in their old age. For most Americans, though, that secure knowledge no longer exists. The defined benefit pension is no longer the primary source of retirement security for most Americans:



HISTORY | Defined benefit pensions epitomized retirement security for generations ►

- In September 1949 the UAW won a \$100-a-month pension (including Social Security benefits which averaged \$32.50 a month) at age 65 with 30 years of service. For many contracts following this breakthrough, we were able to improve the benefits with each passing contract so that retiree pensions kept up with the rate of inflation, in addition to negotiating increases for existing retirees.
- In prior generations, retirement security was provided through a stable defined benefit pension plan and company-provided post-retirement healthcare. This accomplished many goals. It was a source of pride and dignity to work for and be a part of a team with a company that was willing to share in the prosperity and success of the company. Workers were able to retire with dignity without fear of having to find different employment.
- The communities in which they lived, thrived due to this reinvestment back into the community in which the employer operates. Everybody from the local coffee shop to the area medical center thrived.

- At Ford, GM, and Stellantis (formerly Chrysler), before 2007 and leading up to the financial crisis, every hourly employee who met retirement eligibility would receive a defined benefit pension that replaced about 40% of active pay. Employees hired after the 2007 contract would no longer be eligible for the pension.

TODAY | Defined benefit pensions are increasingly absent for the current generation ►

- As of 2022, only 43% of the Big Three workforce is eligible for a defined benefit pension. The following proportion of the workers are NOT eligible for a DB pension: GM: 52% - Ford: 57% - Stellantis: 61%.
- Unfortunately, many employers are closing plans to new entrants. The union still works hard in bargaining to maintain and restore these benefits. Examples of plans that are closed to new hires/entrants:
 - Mack Truck – Closed on June 1, 2009
 - Volvo Truck – Closed on March 17, 2011
 - Navistar – Closed on October 1, 2002
 - Caterpillar – Closed on January 10, 2005 – Benefit Accruals frozen on January 1, 2016.
 - Case New Holland – Closed on July 1, 2003
 - General Dynamics – Closed on January 1, 2011
 - Stellantis/Ford/GM – Closed in October/November 2007
- Examples of plans that remain open to new hires:
 - Freightliner – Final Average Salary Pension Plan still open to new hires.
 - John Deere – Plan is still open to new hires.

NO REAL ALTERNATIVE | 401k or defined contribution plans are wholly inadequate ►

- Defined contribution or 401K plans have replaced the defined benefit pension at the automakers and other companies. However, data shows that defined contribution balances are not keeping up with the need for a secure retirement:

ALL UAW PARTICIPANTS 2021				IN PROGRESSION PARTICIPANTS 2021				TRADITIONAL PARTICIPANTS 2021			
Mean	\$117,254	Median	\$62,939	Mean	\$75,866	Median	\$58,282	Mean	\$175,766	Median	\$80,580

ALL UAW PARTICIPANTS 2022				IN PROGRESSION PARTICIPANTS 2022				TRADITIONAL PARTICIPANTS 2022			
Mean	\$96,854	Median	\$54,736	Mean	\$64,250	Median	\$50,324	Mean	\$148,843	Median	\$72,779

ALL UAW PARTICIPANTS 2023				IN PROGRESSION PARTICIPANTS 2023				TRADITIONAL PARTICIPANTS 2023			
Mean	\$104,683	Median	\$59,662	Mean	\$70,261	Median	\$55,004	Mean	\$160,995	Median	\$78,645

Many older households have no savings in retirement accounts, and the typical household with savings has relatively little saved

Share of households with retirement account savings, by age, 2019

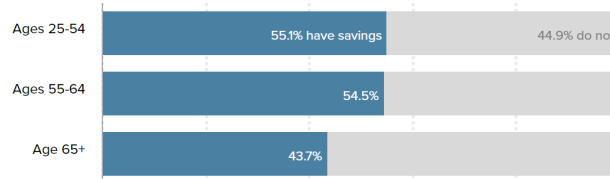


Chart Data

Median account balance of households with retirement savings, by age, 2019

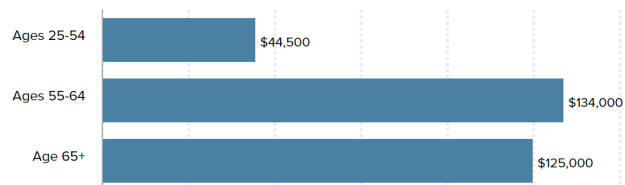


Chart Data

Notes: Retirement account savings include funds in 401(k)-style defined contribution plans and in IRAs but not in defined benefit pension plans. ...

Source: Economic Policy Institute (EPI) and Schwartz Center for Economic Policy Analysis (SCEPA) analysis of Survey of Consumer Finances 2019 microdata (Federal Reserve 2022a).

MYTHBUSTING | Defined benefit pensions are good for business, too ►

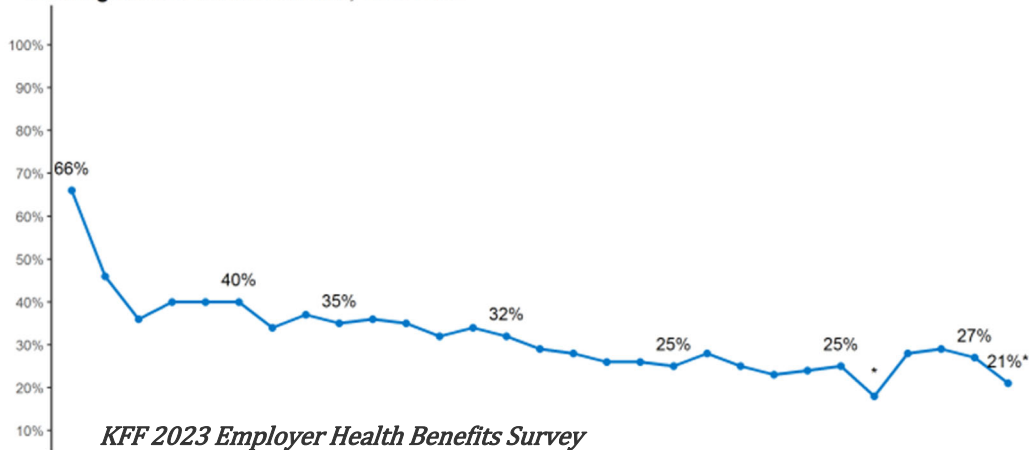
- **Recruitment and Retention:** In today's competitive labor market, offering an attractive pension plan might be a cost-neutral or cost-effective way to reduce turnover and differentiate the organization among quality candidates.
- **The funded status of the defined benefit plan:** In some cases, the upswing in interest rates has significantly improved the funded status of pension plans and lowered plan liabilities to the point where it is prudent for senior management to start evaluating pension plan options.
- **The organization's tax status:** A detailed analysis will determine if changes to the pension plan would be advantageous to the company's bottom line, even for non-profits with unrestricted net assets that affect their balance sheet and loan covenants.

TOO OLD TO WORK, TOO YOUNG TO DIE | Retirement security must include health care ►

- "Health care is creating a 'retirement cost gap' for many pre-retirees," says Steve Feinschreiber, senior vice president of the Financial Solutions Group at Fidelity. "Many people assume Medicare will cover all your health care cost in retirement, but it doesn't. So, you should carefully weigh all options."

- In fact, a single aged 65 person in 2023 may need approximately \$157,00 saved to cover health care expenses in retirement. (Fidelity Retiree Health Care Cost Estimate).
- Similar to the defined benefit pension, health care in retirement has become less prevalent over time and must be addressed as a critical factor leading to retirement security.

Figure 11.1
Among Large Firms Offering Health Benefits to Active Workers, Percentage of Firms Offering Retiree Health Benefits, 1988-2022



PENSIONS ARE POLITICAL | UAW is fighting to win back defined benefit pensions ►

- Pensions are central to the UAW's political and legislative program going forward. In our contract fights and new organizing we are explicit about fighting for retirement security.
- We continue to work in bargaining to win back defined benefit pensions, including proving that there is very little cost differential. We also critically push back on companies that want to liquidate pensions for our current members through annuity purchases or lump sums. Companies are still trying to profit off our pensions through such pension risk transfer schemes.
- To counteract the employers' attack on pensions and retirement security, the law's low funding requirements must be addressed. Legislation is important to the future viability of pension plans in America.
- At a time when we need more retirement security – not less, Republicans in Congress have proposed raising the retirement age and cutting billions from Social Security.
- When he was President, Donald Trump proposed social security by \$26 billion.

CONGRESS MUST ACT | Social Security is central to retirement security ►

- Social Security is meant to provide a supplement to retirement income. Many Americans are living solely off their Social Security benefit. The average social security check is about \$1,900 a month. That isn't enough to pay the rent, food, health care, and other living expenses. It is our responsibility to maintain and improve the Social Security program and resist all efforts to weaken or eliminate its benefits. Social Security must be preserved and strengthened to protect American retirement security.

- Protect and expand Social Security through the [Social Security Expansion Act](#) which would:
 - Extend the solvency of Social Security for 75 years by requiring the wealthiest American households to pay their fair share of taxes. All income above \$250,000 would be subject to payroll taxes.
 - Expand Social Security benefits across-the-board by \$2,400 per year for current and new beneficiaries.
 - Increase Cost-Of-Living-Adjustments (COLAs) by adopting the Consumer Price Index (CPI) for the Elderly.
- Retirement for All
 - Require all businesses to offer their workers a way to automatically save for retirement via their regular paycheck.
 - Require employers to offer a way for workers to get retirement income in reliable monthly checks, as is the case with Social Security.
 - Set up a federal retirement plan for employers to use, should they choose not to set up their own plan.

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