

New York Teamsters Road Carriers Local 707 Pension Fund: The First Dinosaur Has Died

Article By:

Paul A. Friedman

The New York Teamsters Road Carriers Local 707 Pension Fund (the “Local 707 Pension Fund”) is dead, reportedly having run out of money in early March 2017.

The Pension Benefit Guaranty Corporation (“PBGC”) the federal insurance agency created by ERISA to “back stop” pension payments reportedly has taken over pension payments to retirees. However, those will be paid at a reduced rate.

The projected impact upon retirees will be dramatic. According to the PBGC, prior to its takeover, the average Local 707 Pension Fund retiree was receiving \$1,313 per month. The average monthly payment will be slashed by the PBGC to \$570. This is a reduction of 56% for a population which is aging and unlikely to be able to engage in full-time employment. This a crisis which is going to get worse.

For a historical perspective, the Local 707 Pension Fund was one of several pension funds that sought relief under the Multiemployer Pension Reform Act of 2014 (“MPRA”) to be permitted to have its participants consider a reduction of core benefits. However, its application was rejected by the Department of Treasury. At that time, the fate of the Local 707 Pension Fund was clear.

The Central States Southeast and Southwest Areas Pension Fund, one of the largest pension funds in the country, also sought relief under the MPRA. Like the Local 707 Pension Fund’s submission, its application was rejected by Department of Treasury after a much publicized campaign spearheaded by Senator Elizabeth Warren of Massachusetts. More than twenty Senators formally joined Senator Warren in expressing their disapproval of granting relief.

Although the financial impact upon retirees is clear, employers should not lose sight that they are not immune. Moneys which employers agree to contribute on behalf of their employees to the multi-employer defined benefit pension funds in future negotiations will not benefit their employees. Therefore, employers should consider strategies to address this problem.

This is another article in our series which has focused on the deterioration and downward spiral of the multi-employer defined benefit pension fund.

Death Notice

Decedent: The New York Teamsters Road Carriers Local 707 Pension Fund

Date of Death: March 2017

Cause of Death: The failure of successive administrations and Congresses to address the serious underfunding of multi-employer defined benefit pension funds.

Immediate mourners: The 4,000 retirees in the pension fund.

Other mourners: The American working person.

R.I.P.

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