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AWF Labor Fact of the Day #3: Union Pensions Dangerously Underfunded

AWF raises awareness about the relationship between labor laws & the economy

WASHINGTON, D.C. — The Alliance for Worker Freedom (AWF), an organization established in 2003 to combat anti-worker legislation and promote free and open labor markets, is releasing labor facts to help raise awareness about the relationship between labor laws and economic performance.

Fact: The average union pension has resources to cover only 62% of what is owed to participants

A review of the actuarial reports indicates pensions for half of the nation's 20 largest unions are listed as "endangered" (only 80% funded) or "critical" (less than 65% funded). Nearly all unions use defined benefit pension plans which defer costs until a later date, or different group of workers. This type of pass-the-buck retirement plan breeds underfunded pensions as there is no one to check excessive spending and no incentive to stop it.

"Unions are notorious for having overly leveraged retirement funds, said Brian Johnson, Executive Director of Alliance for Worker Freedom. "There are three options for pensions in the red: Businesses will be forced to close if they cannot meet pension payments, workers will receive a sliver of what they were promised, or companies will dump underfunded pensions onto the taxpayer funded, government run Pension Benefit Guarantee Corporation."

***National Press & Talk Radio Alert:
To schedule an interview with Brian Johnson
call 202-785-0266 or email media@workerfreedom.org***

Alliance for Worker Freedom (AWF) is a special project of Americans for Tax Reform dedicated to the protection of workers rights.
For more information or to arrange an interview, please contact (202) 785-0266 or media@workerfreedom.org

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