

The Central States Pension Fund is pursuing a plan that would slash pension checks in half for some former union truck drivers. The fund is on the brink of insolvency and says it needs to cut benefits for 273,000 current and future retirees in order to stay afloat.

Hendershot was told earlier this month that he should brace for a 60% cut as early as July, pending approval from the Treasury Department. If that happens, his remaining check will be \$1,396.

"This is going to be rough. It's quite likely that I'll have to try to find some work. But who's going to hire a 74-year-old?" he said.

Hendershot retired after working 35 years as a truck driver. He and his wife live on his pension and their Social Security benefits. The sharp reduction in his payment from the Central States fund would wipe out more than one-third of the total monthly income they have now.

Before last year, current retirees would have been protected from these cuts. But a controversial law passed last December allows multi-employer pension funds to reduce benefits if they are projected to run out of money. A lot of these funds -- which cover more than 10 million workers -- are in financial trouble.

The Central States Pension Fund covers workers and retirees from more than 1,500 companies across a range of industries including trucking, construction and even Disneyland workers. Truck drivers once made up a majority of participants, and are now a majority of those facing cuts. A lot of their companies went bankrupt after the industry was deregulated in the 1980s, which is a big reason why the fund is in trouble now. It has five retirees for every active worker.

Not all retirees in the Central States fund will see the same cuts under the plan. Those whose former employers went bankrupt will see the biggest cuts, as required by law. Retirees age 80 or older won't see any cuts and reductions would be less severe for those older than 75 or widows and widowers receiving spousal benefits. If Hendershot, now 74, was just three months older, his cut would not be so big.

It wasn't a shock to many retirees that the fund was in trouble, but some were surprised at the severity of the cuts. The average cut for the 115,500 impacted retirees is 28%, according to the fund's spokeswoman.

"I understand that something has to be done, but it seems totally unfair to me that the cuts aren't straight across the board," Hendershot said.

The problem with swallowing pension cuts is that many retirees have been banking on the checks they were promised. They often don't have savings in 401(k)s to fall back on and maybe negotiated lower wages as their employers contributed to the pension fund on their behalf.

Patrick McFarlane, 64, retired after 31 years in the trucking industry. His pension check is set to be slashed in half to \$1,550 a month.

Getting another truck driving job now might be tough since he's suffered a number of injuries and recently had a hip replaced.

"Loading trucks with as much as you could was actually kind of fun and a challenge. I loved it. But your body starts to wear out after a while," McFarlane said.

Even if he does find work, he can't earn too much without facing a deduction from Social Security. It takes \$1 for every \$2 he would make over the \$15,700 limit.

"I never can replace that \$1,500 a month unless I win the lottery or something. That is it for life," he said.

His wife Marcy, 65, is still working, but now may put off retirement a little longer than expected.

Central States Pension Fund Director Thomas Nyhan has said that it will run out of money in 10 years if nothing is done. "We're doing our best to preserve what we can so that we're able to provide more benefits for a longer period of time," he said.

For those facing proposed cuts, more information can be found on the fund's website.

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