

September 22, 2005

Mr. Joel M. Parker, International Vice President
Transportation Communications Union
3 Research Place
Rockville, MD 20850

Dear Vice President Parker:

It is my understanding that both International President Scardelletti and you will attend our TCU District 1043 union meeting on Monday, October 3rd. Rather than tie up the meeting with several questions, I will convey some concerns that many senior employees and I have regarding the proposed supplemental pension that may be included in this contract.

1. An increasing number of companies in the United States have gone from a defined benefit pension plan to a defined contribution plan in the last six years. The number of companies with a defined benefit plan has dropped from approximately 111,000 to about 30,000 during this time. The question is - Why does the MTA want to do the opposite and expose itself to future liabilities?
2. When the employees give up the Metro-North portion of their Vanguard Funds to fund the pension will those monies be segregated and managed by a pension committee with union representation, or will those monies be swallowed up into the MTA's general fund?
3. Many ACRE union train and engine employees that I spoke with are currently under the impression that their pension is a part of the New York State Retirement System and thus guaranteed by the state, when in actuality it is not. Although the ACRE union pension is fashioned after New York State's tier 4 for state employees, the Controller's Office of New York has confirmed that the MTA Metro-North Railroad is NOT a part of the New York State Retirement System. The MTA, although chartered by the State of New York, is considered a "public benefit corporation." A future financial pension problem may therefore be insulated from any New York State liability.

The Long Island Railroad's web site under its defined benefit pension plan states in part " ~ The company reserves the right, on its sole and unlimited discretion, to amend, alter, change, modify, suspend, substitute, revoke or terminate the plan, in whole or in part, in any respect, including to increase the level of required participant contributions, at any time and for any reason, without notice to and without the consent of any current, future or former retiree."

The question is - Should future business conditions deteriorate; what is to stop the MTA from dumping the pension liability on the government's Pension Benefit Guarantee Corporation (a la` - United Airlines, Bethlehem Steel, etc.) whose pensions were cut up to 75% forcing some retirees to look for work in their 70's?

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It is understandable that corporations would put in an escape clause into their contracts, but the above web site language is pretty scary to me. I certainly don't want to wind up as a Wal-Mart greeter after 10 years of retirement!

I respectfully suggest that it would be beneficial for the TCU and other members of the coalition to add some language into the supplemental pension plan (i.e., first claim on some physical assets, insurance protection, etc.) that would protect a retiree and their beneficiary in case of default. After all, contracts are broken every day in the business world.

I realize that much of this is premature pending your updated report to the membership at next week's union meeting. Everything is negotiable. A final form of the contract may not even include a pension provision. The time to address these concerns is now, not after an agreement is in place. I'm sure that the membership will appreciate your efforts in this area, something that the ACRE representation has evidently failed to address.

I thank you for your patience. A personal response to this letter is not necessary, but please mention the subject at the meeting. I have addressed this letter to you, as you are the chief negotiator, and sent a copy to President Scardelletti and District Chairman Inness as a courtesy.

Yours truly,



David J. Smilowitz
Member TCU 1043

cc: R. Scardelletti
W. Inness