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PENSION UPDATE

Greetings:

The manner in which the Eastern Canada Car Carriers (ECCC) pension plan was run by the Teamsters was a definite factor in members deciding to leave and join the CAW. As many will recall, in the summer of 2009, Allied with the agreement of the Teamster leadership in Ontario and Quebec took a four-month 'break' from forwarding pension contributions. We understand that this was called a 'pension contribution holiday' at the time but quite simply it was an open violation of the collective agreement and it further threatened the financial status of the pension.

In other words, for four months Allied did not make its share of pension contributions as required under Article 25.2 of the collective agreement of \$580 per employee per month with the full knowledge and consent of the Teamsters' union. We were advised by Allied that a re-payment schedule for these amounts owing to the ECCC pension plan with the Teamsters has not yet been worked out and in fact those amounts continue as owing to this day.

On November 4th this month, Allied provided to the CAW a substantial amount of data to begin to administer the new 'mirror' pension plan. That data included a list of pension contributions made into escrow broken down by month. It came to the attention of our union when this data was reviewed that Allied last made required monthly employer contributions to the new trust account in October 2010 but for the month of May 2010. In other words, Allied is 'delinquent' - has failed to place employer contributions amounting to over \$1.5 million for June to October in the trust account. Rest assured that all member contributions for all months ending September 2010 were deposited in October as required, however. **We are advised that AWC has made all required contributions including the October 2010 payment.**

Our union immediately served notice on Allied that their failure to make timely employer pension contributions is a "serious and urgent matter" and a grievance pursuant to Article 5.4 was filed. The letter from Lewis Gottheil CAW Legal Department Director is included for your information. The top leadership of our union has also met with Allied senior management and continues to be in communication in an effort to resolve this issue.

You are no longer in the Teamsters. We are committed to ensuring that your collective agreement is honoured; that the employer pension contributions are remitted into the temporary trust account (until the new 'mirror plan' is established) and that members experience no loss of benefit in any form by the employer withholding the pension contributions from the trust account.

We will not accept that any failure by the Teamsters to enforce the collective agreement serves to excuse the continuing failure of Allied to promptly send their pension contributions to the trust account.

The amount that Allied owes the ECCC plan simply is not an issue that concerns the CAW and will not be accepted as an excuse to fail to honour their commitments to our membership. Both the monies that Allied should be contributing to the trust account, along with your employee contributions deducted from your paycheque are your wages. The Company cannot simply 'borrow' your money; to become indebted to you for the pension contribution without our knowledge or consent. We have been very forceful and direct in demanding that Allied act immediately to resolve this issue and will continue to keep members updated on any significant developments.

In solidarity,

Allied Master Bargaining Committee

AWC Master Bargaining Committee

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