



**UNIFIED SYSTEM DIVISION
NEWSLETTER
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Right to Work....code words for busting unions.



BARGAINING UPDATE

National Bargaining a Slow Moving Train

March 30-31, 2016

The BMWED/SMART-Mechanical national bargaining coalition continued negotiations with the National Carriers' Conference Committee (NCCC) for the 2016 calendar year on March 30th and 31st. During the first day of scheduled negotiations, March 30th, the "Small Working Group" (SWG) presented its findings regarding the healthcare questions the lead negotiators had assigned them to investigate. Although the findings are preliminary, the BMWED/SMART-Mechanical coalition believes them to be rather accurate. Time will soon tell, as the NCCC has assigned its expert consultants to begin validating the SWG's presented information. The validation process should take approximately two months.

On March 31st, the BMWED/SMART-Mechanical coalition shifted the bargainers' focus away from healthcare to wages and work rules. The NCCC was provided a comprehensive proposal that contained multiple improvements for the membership, namely general wage increases, wage adjustments for more uniform rates for maintenance of way crafts across all the various major Class 1 railroads, increases in away-from-home expenses and meal allowances, increases in vacation days and improved job protections. When asked about the current round of negotiations, BMWED President Freddie N. Simpson stated, "We surveyed our BMWED brothers and sisters about what was important to them in this round of National Negotiations. The membership identified healthcare and wages as their main priorities."

The BMWED-SMART Mechanical coalition has provided the NCCC with a proposal that focuses on the membership's defined concerns and objectives. We will continue to engage with the railroads during 2016 and push the membership's interests at the table." The BMWED/SMART-Mechanical coalition is scheduled to conduct further negotiations with the NCCC in July and September of this year.

May 24, 2016

The BMWED/SMART-Mechanical coalition held negotiations on Tuesday, May 24, 2016, with the National Carriers' Conference Committee (NCCC) at Norfolk Southern's corporate office in Atlanta, Georgia.

BMWED/SMART Mechanical's expert economist, Tom Roth, gave an in depth presentation regarding the "Big Four" Class 1 freight railroads' financial status. In summary, the demand for coal has been reduced on account of a glut of cheaper natural gas derived by fracking, coupled with a lessening of world demands for coal, particularly from China. Consequently, Burlington Northern Santa Fe, CSX, Norfolk Southern and Union Pacific have experienced decreased volumes of coal shipped by rail.

However, the railroads have been able to adapt their business model by fulfilling other shipping demands to moderate their losses in coal volume. He also observed that while 2015 revenue was a little off from the peak year of 2014, the railroads were still doing comparatively well and have been enjoying a historically prosperous run for over a decade. The concluding remark of economist Roth was that the current financial and economic environments for the "Big Four" railroads are better than the last two rounds of national negotiations, even though 2016 will continue to see some structural readjustments in railroad operations.

The NCCC had no immediate comments regarding the presentation but did note that they desired to analyze the information and requested the sources of Roth's presentation. They further noted that they would provide a presentation regarding their position on the freight railroads' financial status at an unspecified future date. Further negotiations are scheduled for the end of July 2016 as well as during September 2016. Although negotiations are proceeding slowly, we believe that the BMWED/SMART Mechanical initiatives on healthcare will assist the parties in reaching a voluntary agreement. For example, the TCU led bargaining coalition has joined us in the healthcare initiative and we are optimistic that the BLET led coalition will soon join as well.

UNIFIED SYSTEM DIVISION NEWS

Things You Should Know

BMWED STRIKE on CP Rail Successful

After our strike action this morning, Canadian Pacific has assured BMWED members that those employees shorted on rates-of-pay, holidays and vacations -- or otherwise shortchanged in any way through errors in its payroll department -- will be fully compensated and made whole for their losses

Representatives for the Brotherhood and CP met Chicago on Monday, March 14 to hash out the problems with the railroad's payroll processes and to establish procedures to ensure that this does not happen again. Part of that plan will include a dedicated CP representative, whose task will be prompt response to payroll issues for union-represented employees.

It was agreed that employees would be made whole for any losses incurred in a timely manner and that CP would and has put in place a more productive process in resolving any such issues going forward.

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DEATH BENEFICIARY-MET LIFE

Do you know who your beneficiary is? Many of our members signed a beneficiary form for life insurance when their employment began several years ago. Changes come about due to deaths, marriage, divorce, and birth of dependents. If you are unsure who your beneficiary is for this policy, you can obtain a change of beneficiary form by calling Met Life at the toll free number 1-800-310-7770 and listening to the prompts.

Beneficiary Forms can also be obtained by logging on to the Unified System Division Website @ www.usdbmwed.org and clicking on the Your Track to Health in the middle of the home page, then clicking on Life under the Benefits List in the lower left hand corner of the page.

This Plan provides minimal life insurance of:

\$20,000 per active employee, an additional \$16,000 if accidental and \$2,000 per retired or disability annuity employees.

Furloughed employees are covered for life insurance for 1 month following the month you last rendered service or received vacation pay and 4 months for Accidental Death & Dismemberment benefits. Coverage for certain accidental loss of limb or vision is also provided for in this policy.

IMPORTANT REMINDERS

DOT Compliance while Furloughed

Due to the recent abolishment's by the Union Pacific Railroad, many members have been removed from the DOT Testing Pool which has resulted in their inability to be assigned to positions requiring a DOT medical card or a CDL License. Although one would think it would be in the best interest of the Union Pacific to notify furloughed employees that if they are furloughed more than 30 Calendar Days they will be removed from the DOT Testing Pool but they have not.

Members must contact LHI to take a return to work Drug and Alcohol Test in order to stay compliant.

It is our suggestion that if members are in a Furloughed Status for more than 21 days, they contact LHI to complete this test in order to allow time for processing by the UPRR. This process must be completed every 30 days during a furloughed period in order to stay compliant. If you have any questions regarding the application of this policy please contact UPRR DOT Department or Labor Relations.



Your System Officers at a Glance **Jeff J Rankin**

This quarters featured Officer is Vice Chairman Jeff J. Rankin. Jeff began his railroad career in 1978 on the Former Chicago and Northwestern Railroad property . Brother Rankin has served in the capacities of President, Vice President, Lodge Local Chairman and Joint Protective Board Member as well as Secretary/Treasurer of Local Lodge 0381 chartered in Marshalltown, IA. Jeff was elected as a full time System Officer in 2010 where he served as Region 2 Vice Chairman and was reelected to that capacity in October 2014 where he currently still serves the membership of the Unified System Division. Jeff is the proud husband of his wife Cheryl. The Rankin's reside in Marshalltown, IA where they are the parents of two daughters enjoy spending time with their children and 5 grandkids and are looking forward to a "new" grandbaby in December .

Railroad Retirement Age Reductions

Railroad retirement benefits are subject to reduction if an employee with less than 30 years of service retires before attaining full retirement age. While employees with less than 30 years of service may still retire at age 62, the age at which full retirement benefits are payable has been gradually increasing since the year 2000, the same as for social security.

The following questions and answers explain how these early retirement age reductions are applied to railroad retirement annuities.

1. What is the full retirement age for employees with less than 30 years of service, and is it the same for employees covered under social security?

Full retirement age, the earliest age at which a person can begin receiving railroad retirement benefits without any reduction for early retirement, ranges from age 65 for those born before 1938 to age 67 for those born in 1960 or later, the same as for social security.

2. How are the changes in the maximum age reduction being phased in?

Since 2000, the age requirements for some unreduced railroad retirement benefits have been rising just like the social security requirements. For employees with less than 30 years of service and their spouses, full retirement age increases from 65 to 66, and from 66 to 67, at the rate of two months per year over two separate six-year periods. This also affects how reduced benefits are computed for early retirement.

The gradual increase in full retirement age from age 65 to age 66 affects those people who were born in the years 1938 through 1942. The full retirement age will remain age 66 for people born in the years 1943 through 1954. The gradual increase in full retirement age from age 66 to age 67 affects those who were born in the years 1955 through 1959. For people who were born in 1960 or later the full retirement age will be age 67.

3. How does this affect the early retirement age reductions applied to the annuities of those who retire before full retirement age?

The early retirement annuity reductions applied to annuities awarded before full retirement age are increasing. For employees retiring between age 62 and full retirement age with less than 30 years of service, the maximum reduction will be 30 percent by the year 2022. Prior to 2000, the maximum reduction was 20 percent.

Age reductions are applied separately to the tier I and tier II components of an annuity. The tier I reduction is 1/180 for each of the first 36 months the employee is under full retirement age when his or her annuity begins and 1/240 for each additional month (if any). This will result in a gradual increase in the reduction at age 62 to 30 percent for an employee once the age 67 retirement age is in effect.

These same reductions apply to the tier II component of the annuity. However, if an employee had any creditable railroad service before August 12, 1983, the retirement age for tier II purposes will remain 65, and the tier II benefit will not be reduced beyond 20 percent.

4. What are some examples of how this will affect the amounts payable to employees retiring before full retirement age with less than 30 years of service?

Take the example of an employee born on February 2, 1954, who retires in 2016 at the age of 62. In terms of today's dollars and current benefit levels, not counting future increases in creditable earnings, assume this employee is eligible for monthly tier I and tier II benefits, before age reductions, of \$1,200 and \$800, respectively, for a total monthly benefit of \$2,000.

Upon retirement at age 62, the employee's tier I benefit would be reduced by 25 percent, the maximum age reduction applicable in 2016. This would yield a tier I monthly benefit of \$900; the employee's tier II benefit would also be reduced by 25 percent, providing a tier II amount of \$600 and a total monthly rate of \$1,500. However, if the employee had any rail service before August 12, 1983, the tier II benefit would be subject to a maximum reduction of only 20 percent, providing a tier II amount of \$640, and a total monthly rate of \$1,540.

As a second example, take an employee born on June 2, 1960, and also eligible for monthly tier I and tier II benefits, before age reductions, of \$1,200 and \$800, respectively, for a total monthly benefit of \$2,000. This employee retires in 2022 at age 62 with no service before August 12, 1983. Consequently, a 30 percent reduction is applied to both the tier I and tier II benefits and the net total annuity would be \$1,400.

5. How are railroad retirement spouse benefits affected by this change?

If an employee retiring with less than 30 years of service is age 62, the employee's spouse is also eligible for an annuity the first full month the spouse is age 62. Early retirement reductions are applied to the spouse annuity if the spouse retires prior to full retirement age. Beginning in the year 2000, full retirement age for a spouse gradually began to rise to age 67, just as for an employee, depending on the year of birth. While reduced spouse benefits are still payable at age 62, the maximum reduction will be 35 percent by the year 2022. However, if an employee had any creditable rail service prior to August 12, 1983, the increased age reduction is applied only to the tier I portion of the spouse's benefit. The maximum reduction in tier II, in this case, would only be 25 percent, as under prior law.

Take for an example the spouse of a railroader with less than 30 years of service, none of it prior to August 12, 1983, who was born on April 2, 1960, and is retiring in 2022 at age 62, with a spouse annuity, in terms of today's dollars and current benefit payments and before any reductions for age, of \$1,000 a month. With the maximum reduction of 35 percent applicable in 2022, her net monthly benefit would be \$650.

As a second example, if the same spouse had been born on April 2, 1954, and was retiring in 2016 at age 62, with the maximum age reduction of 30 percent, the net monthly benefit would be \$700.

6. Are age reductions applied to employee disability annuities?

Employee annuities based on disability are not subject to age reductions **except** for employees with less than 10 years of service, but who have 5 years of service after 1995. Such employees may qualify for a tier I benefit before retirement age based on total disability, but only if they have a disability insured status (also called a "disability freeze") under Social Security Act rules, counting both railroad retirement and social security-covered earnings. Unlike with a 10-year employee, a tier II benefit is not payable in these disability cases until the employee attains age 62. And, the employee's tier II benefit will be reduced for early retirement in the same manner as the tier II benefit of an employee who retired at age 62 with less than 30 years of service.

7. Do these changes also affect survivor benefits?

Yes. The eligibility age for a full widow(er)'s annuity is also gradually rising from age 65 for those born before 1940 to age 67 for those born in 1962 or later. A widow(er), surviving divorced spouse or remarried widow(er) whose annuity begins at full retirement age or later will generally receive an annuity unreduced for early retirement. However, if the deceased employee received an annuity that was reduced for early retirement, a reduction would be applied to the tier I amount payable to the widow(er), surviving divorced spouse or remarried widow(er). The maximum age reductions will range from 17.1 percent to 20.36 percent, depending on the widow(er)'s date of birth. (These age reductions apply to both tier I and tier II.) For a surviving divorced spouse or remarried widow(er), the maximum age reduction is 28.5 percent. For a disabled widow(er), disabled surviving divorced spouse or disabled remarried widow(er), the maximum reduction is also 28.5 percent, even if the annuity begins at age 50.

8. Does the increase in full retirement age affect the age at which a person becomes eligible for Medicare benefits?

No. Although the age requirements for some unreduced railroad retirement benefits have risen just like the social security requirements, beneficiaries are still eligible for Medicare at age 65.

9. Do these increases in full retirement age also apply to the earnings limitations and work deductions governing benefit payments to annuitants who work after retirement?

Like social security benefits, railroad retirement tier I and vested dual benefits paid to employees and spouses, and tier I, tier II, and vested dual benefits paid to survivors are subject to deductions if an annuitant's earnings exceed certain exempt amounts. These earnings limitations and work deductions apply to all age and service annuitants and spouses under full retirement age regardless of the employee's years of service. Although employees retiring at age 60 with 30 years of service have no age reduction, these earnings limitations and work deductions still apply until they reach their full retirement age. These earnings limitations also apply to survivor annuitants, with the exception of disabled widow(er)s under age 60 and disabled children.

Likewise, while special earnings restrictions apply to employees entitled to disability annuities, these disability earnings restrictions cease upon a disabled employee annuitant's attainment of full retirement age. This transition is effective no earlier than full retirement age even if the annuitant had 30 years of railroad service.

The additional deductions applied to the annuities of retired employees and spouses who work for their last pre-retirement non-railroad employer continue to apply after the attainment of full retirement age.

10. How can individuals get more information about railroad retirement annuities and their eligibility requirements? More information is available by calling the RRB toll-free at 1-877-772-5772, or by visiting the agency's website at www.rrb.gov. Persons can also find the address of the RRB office servicing their area by calling the toll-free number, or at www.rrb.gov. Most RRB offices are open to the public on weekdays from 9:00 a.m. to 3:30 p.m., except on Wednesdays (beginning June 1, 2016) when offices are open from 9:00 a.m. to 12:00 p.m. RRB offices are closed on Federal holidays.

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