



## UNIFIED SYSTEM DIVISION NEWSLETTER VOLUME 32 - Jan, Feb, Mar, 2017

***Right to Work....code words for busting unions.***



### ***National Bargaining Update***

#### **February 7, 2017**

On February 7, 2017, the BMWED-SMART/Mechanical Bargaining Coalition presented a new bargaining proposal to the railroads in an effort to reach a voluntary agreement. The essence of our February 7, 2017 proposal is: 1) General wage increases of a net annual increase of 3.3% per year over the term of the contract; 2) No change to the employee monthly cost-sharing on healthcare (\$228.89); 3) Improved dental and vision benefits; increased amounts of active life insurance coverage as well as increased amounts of accidental death and dismemberment coverage and off-track vehicle coverage; 4) Improved away from home expenses (meals, lodging, headquarter and travel allowances); increased paid time off (vacation and personal days as well as lowered eligibility requirements for qualifying for vacation); 5) Lowered service requirements for February 7, 1965 Employee Protections (5 years of service instead of 10); 6) Health and welfare plan design changes involving increased physician and prescription drug co-pays, increased deductibles, coinsurance and out-of-pocket maximums and a re-bid of the network providers for the entire Plan.

The total net yield of our proposal is \$32,986 when applied to the weighted average BMWED hourly rate of pay. The actual yield will be more or less based upon your rate of pay and the amount of overtime worked.

To avoid radical plan design changes proposed by the Carriers during this round of negotiations, the BMWED adopted a different strategy to healthcare bargaining focusing on more efficient and cost effective administration of services. We found over \$100,000,000 in annual savings to the National Plan through that exercise. We made our initial proposal in March of 2016, noting that it neither cost a single railroad employee or the railroads one cent more to maintain current level of health benefits. Although the Carriers' healthcare expert confirmed our findings, the Carriers said that any voluntary agreement must include health and welfare benefit plan design changes. Their position in this regard was enhanced by the November 2016 election results.

#### **February 28, 2017**

The BMWED-SMART/Mechanical Bargaining Coalition again met with the National Carriers' Conference Committee (NCCC) and the assigned federal mediator on Tuesday, February 28, 2017. At that meeting the railroads provided an unacceptable and regressive "response" to the Coalition's proposal made on February 7th. .

The NCCC's proposal is identical to their September 14, 2016 proposal, except for a worse wage package. The NCCC now proposes that all wage increases will be prospective, beginning with the first one occurring the date a contract is signed. In other words, the NCCC proposal contains no back pay and delays any wage increases until the agreement is signed. The percentage wage increases under that offer remain at 2%. The NCCC proposal simply repeated their September proposal that would subject a family to up to \$5000 in annual out-of-pocket expenses, plus other deductibles and doctor and prescription co-pays.

The carriers continue to justify their recent proposal on the basis of their time-worn, "railroaders earn too much and they have too good of benefits" and "railroads are struggling financially." When asked about the NCCC's February 28th proposal, President Simpson pointed out, "BMWED members and other railroaders are not over-paid and they deserve the benefits that they have. Our coalition (and the TCU coalition) made the decision to provide a bargaining proposal that would result in a respectable amount of real wage increases, improved paid time off, away from home expenses, job security and affordable health care benefits. Our proposal should serve as a basis for a voluntary agreement. But it is clear that the railroads intend to take more from railroaders by making them pay more for their healthcare. We are going to meet again for mediation in a few weeks, and I would hope that the railroads reconsider our February 28th proposal."

## **UNIFIED SYSTEM DIVISION NEWS**

# **Negotiations Continued**

**March 14, 2017**

Mediation resumed Tuesday, March 14, 2017 for the BMWED-SMART/Mechanical Bargaining Coalition and the National Carrier's Conference Committee (NCCC). On February 27, 2017, the railroads made a regressive and disrespectful proposal which has been previously posted on the BMWED website.

The railroads stated their offer was based upon their reappraisal of the strength of the rail industry, claiming that between the time of their original September 14, 2016 proposal and present (and future), rail earnings appear sluggish. During the March 14th mediation session, BMWED-SMART/Mechanical Coalition's economist provided a presentation that demonstrated -- on the contrary -- that the railroads had fared very well during the last quarter of 2016. The presentation also established that all economic indicators lead to strength and growth for the railroads in 2017 and beyond. Nevertheless, the railroads advised that their regressive proposal was based upon their belief that railroad workers' wage increases from 2005 through 2015 exceeded inflation. The railroads stated that they simply could not continue to have voluntary national agreements with wage packages that outpace inflation and market growth, and that have healthcare benefits at their current level. They further stated that outside industries have contract settlements for wages increasing at 2% per year and health benefits that are significantly worse than railroad workers. In other words, the railroads continue to believe that we make too much money and our benefits are too rich, despite the railroad's continued profitability. (Note that CSX is willing to pay one man over \$300 million to become CEO, you don't bet that large a sum on a business that doesn't have a robust future.)

The BMWED/SMART-Mechanical coalition took exception to the railroads' arbitrary cherry-picked 2005- 2015-time period to support their position. As noted by the coalition's lead negotiators, railroad workers endured various concessions -- agreed to and imposed -- in years prior to 2005. If the railroads are serious that the 2005 to 2015-time period is relevant, critical years prior to 2005 would be relevant to provide a fuller and more accurate depiction of real wage growth for railroad workers. Trying to "take a second bite at the apple" by attempting to negotiate lower wage increases in this round, in order to recapture wage increases from the last two rounds of national negotiations, is a far-reach and not within rail industry norms and ignores the parties' bargaining history since deregulation in 1980. "

All railroad industry employees want the railroads to be very profitable, but, all railroad employees should be fairly compensated for their work," said BMWED President Freddie Simpson after the latest round of talks. "To say railroad workers make too much money and have too good of benefits is insulting - especially when railroads' profits are considered, and when compared to their executive compensation and shareholder returns over 2005 -- 2015. But now that we know the railroads are looking at outside industries as comparison for their proposed settlement agreement, our experts can do research and examine these settlements. This will take time and more face-to-face discussions to work through. The BMWED-SMART/Mechanical Coalition will continue our efforts to reach a voluntary agreement that produces real wage gains and maintains quality healthcare for railroaders and their families, and that is relevant to the rail industry."

Mediation is scheduled to resume on April 6th and 7th. Further information will be forthcoming as bargaining develops.

## **Negotiations With Canadian Pacific/DM&E February 22nd and 23rd, 2017**

Representatives from the BMWED initially met with officials from the Canadian Pacific Railroad regarding the DM&E Agreement on April 7, 2015 in Minneapolis, MN. Those talks quickly became stagnate as the CP made it very clear they lacked any desire to negotiate any changes to a current contract which the BMWED already viewed as a vile agreement for the industry.

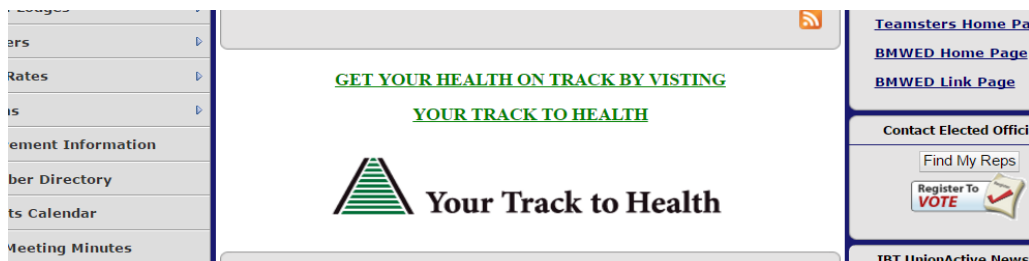
Following the deterioration of those discussions the parties did not schedule any future sessions or talk regarding Section 6 bargaining until February 22nd and 23rd, 2017 when the parties continued their discussions regarding Section 6.

The BMWED quickly made it known that their desire was to bring the hard working employees which they represent under the CP/ DM&E Agreement to the same level of treatment as those of other Agreements represented by BMWED that are employed by the CP. After all, it is only right that employees doing the same exact work for the same employer are treated equal when it comes to Wages, Benefits and Work Rules. However the officials from the CP have very different views and have no desire for equal treatment.

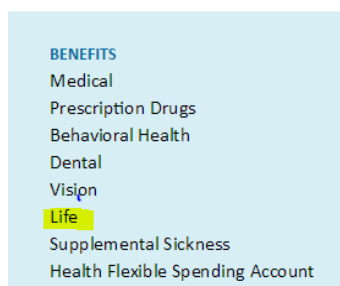
As the discussions continued, both parties went over the current agreement front to back in attempt to find each parties desire for changes and will later discuss those ideas at a future meeting which is scheduled for April 26th and 27th, 2017 in Minneapolis, MN.

# IMPORTANT REMINDERS

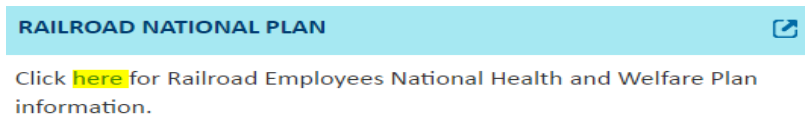
Updating your Life insurance Beneficiaries is something you should do on a regular basis. There are several reasons one might elect to change or update beneficiaries. It will give both you and your loved ones the piece of mind they need. To get a beneficiary form: go to [www.usdbmwed.org](http://www.usdbmwed.org), Click on the "Your Track to Health" Icon as shown in the middle of the page.



Once you arrive at the "Your Track to Health" Page in the bottom left hand corner, you will see a Benefits tab under that you will see the word "Life" put your cursor over the word life and click.



On this page you will see the following, click on the word "here" as shown.



Once you click on the word "here" as directed above you will arrive at the following , simply click on the Highlighted "Beneficiary Form" to get a printable Beneficiary Form.

## RAILROAD NATIONAL PLAN

Railroad Employees National Health and Welfare Plan information.

### Forms

**Beneficiary Form** for the Railroad Employees National Health and Welfare Plan.

- Step 1 – Click to download form
- Step 2 – Print and fill the form
- Step 3 – Mail to the address listed on page 3 of the form

## Your System Officers at a Glance Andrew T. Murphy

This quarters featured Officer is Vice Chairman Andrew Thomas Murphy. Andrew began his railroad career in 1998 on the Union Pacific Railroad property. Andrew worked in several capacities during his railroad career as a Machine Operator, Welder and Foreman on both the Division and System Gangs, Brother Murphy also served as a Safety Coach under the SAP Agreement prior to being elected to a full time officer position. Brother Murphy has served in the capacities of President, Lodge Local Chairman and Joint Protective Board Member of Local Lodge 0473 chartered in Columbus, NE. Andrew was elected as a full time System Officer in 2012 where he currently serves the membership as Region 1 Vice Chairman of the Unified System Division

# Railroad Retirement Board News

## Railroad Retirement Spouse Benefits

In addition to the retirement annuities payable to employees, the Railroad Retirement Act, like the Social Security Act, also provides annuities for the spouses of retired employees. Payment of a spouse annuity is made directly to the wife or husband of the employee. Divorced spouses may also qualify for benefits.

**1. How are railroad retirement spouse annuities computed?** Regular railroad retirement annuities are computed under a two-tier formula. The spouse annuity formula is based on certain percentages of the employee's tier I and tier II amounts.

The tier I portion of an employee's annuity is based on both railroad retirement credits and any social security credits that the employee also earned. Computed using social security benefit formulas, an employee's tier I benefit approximates the social security benefit that would be payable if all of the employee's work were performed under the Social Security Act.

The tier II portion of the employee's annuity is based on railroad retirement credits only, and may be compared to the retirement benefits paid over and above social security benefits to workers in other industries.

The first tier of a spouse annuity, before any applicable reductions, is 50 percent of the railroad employee's unreduced tier I amount. The second tier amount, before any reductions, is 45 percent of the employee's unreduced tier II amount.

**2. How does a railroad retirement spouse annuity compare to a social security spouse benefit?** The average annuity awarded to spouses in fiscal year 2016, excluding divorced spouses, was \$1,091 a month, while the average monthly social security spouse benefit was about \$719.

Annuities awarded in fiscal year 2016 to the spouses of employees who were of full retirement age or over and who retired directly from the rail industry with at least 25 years of service averaged \$1,333 a month; and the average award to the spouses of employees retiring at age 60 or over with at least 30 years of service was \$1,489 a month.

**3. What are the age requirements for a railroad retirement spouse annuity?** The age requirements for a spouse annuity depend on the employee's age and date of retirement and the employee's years of railroad service.

**If a retired employee with 30 or more years of service is age 60,** the employee's spouse is also eligible for an annuity the first full month the spouse is age 60. Certain early retirement reductions are applied if the employee first became eligible for a 60/30 annuity July 1, 1984, or later and retired at ages 60 or 61 before 2002. If the employee was awarded a disability annuity, has attained age 60 and has 30 years of service, the spouse can receive an unreduced annuity the first full month she or he is age 60, regardless of whether the employee annuity began before or after 2002 as long as the spouse's annuity beginning date is after 2001.

**If a retired employee 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. Full retirement age for a spouse is gradually rising to age 67, just as for an employee, depending on the year of birth. Reduced benefits are still payable at age 62, but the maximum reduction will be 35 percent rather than 25 percent by the year 2022. However, the tier II portion of a spouse annuity will not be reduced beyond 25 percent if the employee had any creditable railroad service before August 12, 1983.

**4. What if the spouse is caring for a child of the retired employee?** A spouse of an employee receiving an age and service annuity (or a spouse of a disability annuitant who is otherwise eligible for an age and service annuity) is eligible for a spouse annuity at any age if caring for the employee's unmarried child, and the child is under age 18 or a disabled child of any age who became disabled before age 22.

**5. What are some of the other general eligibility requirements?** The employee must have been married to the spouse for at least one year, unless the spouse is the natural parent of their child, or the spouse was eligible or potentially eligible for a railroad retirement widow(er)'s, parent's or disabled child's annuity in the month before marrying the employee or the spouse was previously married to the employee and received a spouse annuity.

**6. Can the same-sex spouse of a railroad employee file for a railroad retirement spouse annuity?** On June 26, 2013, the Supreme Court found Section 3 of the Defense of Marriage Act, which prevented the Federal government from recognizing marriages of same-sex couples, to be unconstitutional. As a result, the Railroad Retirement Board (RRB) began accepting applications for benefits from those eligible spouses in same-sex marriages who were validly licensed under State law. On June 26, 2015, the Supreme Court further found that the Constitution required all States to license same-sex marriages, and to recognize lawfully licensed same-sex marriages performed in other States.

**7. Are spouse annuities subject to offset for the receipt of other benefits?** The tier I portion of a spouse annuity is reduced for any social security entitlement, regardless of whether the social security benefit is based on the spouse's own earnings, the employee's earnings or the earnings of another person. This reduction follows principles of social security law which, in effect, limit payment to the higher of any two or more benefits payable to an individual at one time.

The tier I portion of a spouse annuity may also be reduced for receipt of any Federal, State or local government pension separately payable to the spouse based on the spouse's own earnings. The reduction generally does not apply if the employment on which the public service pension is based was covered under the Social Security Act throughout the last 60 months of public employment. Most military service pensions and payments from the Department of Veterans Affairs will not cause a reduction. Pensions paid by a foreign government or interstate instrumentality will not cause a reduction. For spouses subject to a public service pension reduction, the tier I reduction is equal to 2/3 of the amount of the public service pension.

In addition, if the employee was first eligible for a railroad retirement annuity and a Federal, State or local government pension after 1985, there may be a reduction in the employee's tier I amount for receipt of a public pension based, in part or in whole, on employment not covered by social security or railroad retirement after 1956. If the employee's tier I benefit is offset for a noncovered service pension, the spouse tier I amount is 50 percent of the employee's tier I amount **after the offset**.

The spouse tier I portion may also be reduced if the employee is under age 65 and is receiving a disability annuity as well as worker's compensation or public disability benefits.

While these offsets can reduce or even completely wipe out the tier I benefit otherwise payable to a spouse, they do not affect the tier II benefit potentially payable to that spouse.

**8. How do the eligibility requirements and benefits differ for a divorced spouse?** A divorced spouse annuity may be payable to the divorced wife or husband of a retired employee if their marriage lasted for at least 10 consecutive years, both have attained age 62 for a full month, and the divorced spouse is not currently married. A divorced spouse can receive an annuity even if the employee has not retired, provided they have been divorced for a period of not less than 2 years, the employee and former spouse are at least age 62, and the employee is fully insured under the Social Security Act using combined railroad and social security earnings. Early retirement reductions are applied to the divorced spouse annuity if the divorced spouse retires prior to full retirement age. Full retirement age for a divorced spouse is gradually rising to age 67, depending on the year of birth.

While a spouse is eligible for an annuity at any age if caring for the employee's unmarried child, and the child is under age 18 or a disabled child of any age who became disabled before age 22, a divorced spouse is not eligible for an annuity on such basis unless the employee is deceased.

Unlike a regular spouse annuity, the divorced spouse annuity is computed under a single tier formula. The amount of a divorced spouse's annuity is, in effect, equal to what social security would pay in the same situation (tier I only) and therefore less than the amount of the spouse annuity otherwise payable (tier I and tier II). The average divorced spouse annuity awarded in fiscal year 2016 was \$651.

**9. Would the award of an annuity to a divorced spouse affect the monthly annuity rate payable to a retired employee and/or the current spouse?** No. If a divorced spouse becomes entitled to an annuity based on the employee's railroad service, the award of the divorced spouse's benefit would not affect the amount of the employee's annuity, nor would it affect the amount of the railroad retirement annuity that may be payable to the current spouse.

**10. What if an employee and spouse/divorced spouse are both railroad employees?** If both started railroad employment after 1974, the amount of any spouse or divorced spouse annuity is reduced by the amount of the employee annuity to which the spouse is also entitled. If both the employee and spouse are qualified railroad employees and either had some railroad service before 1975, both can receive separate railroad retirement employee and spouse annuities, without a full dual benefit reduction.

**11. Are railroad retirement annuities subject to garnishment or property settlements?** Certain percentages of any railroad retirement annuity (employee, spouse, divorced spouse or survivor) may be subject to legal process (i.e., garnishment) to enforce an obligation for child support and/or alimony payments.

Also, a court-ordered partition payment may be paid even if the employee is not entitled to an annuity provided that the employee has 10 years of railroad service or 5 years after 1995 and both the employee and former spouse are 62.

Employee tier II benefits, vested dual benefits and supplemental annuities are subject to court-ordered property settlements in proceedings related to divorce, annulment or legal separation. Tier I benefits are not subject to property settlements.

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