

**Investments and
Financial Planning**



"I retire on Friday and I haven't saved a dime. Here's your chance to become a legend!"

Pensions and the 401 (k)

By John Campbell-Orde, Esq., PGO General Counsel

Retirement has been in the news lately. Politicians are discussing whether to make structural cuts to social security and medicare benefits. Structural cuts have been made to OPERS retirement benefits, including health insurance benefits. While some changes may be necessary on the federal level, employees should guard against any unnecessary cuts to pension benefits, which are almost certain to be attempted.

Most private employers, including nearly all non-union private employers, only offer 401(k) plans to their employees, and do not offer pensions. The difference between 401(k) and the pension is crucial. Pension plans are defined *benefit* plans. This means that an employee who qualifies for the pension will receive a guaranteed monthly income upon retirement. 401(k)'s on the other hand are defined *contribution* plans. This means that an employer typically agrees to contribute up to a certain dollar amount to the 401(k) annually, but the employee has no guaranteed monthly income upon retirement

If you retire with a 401(k) and the stock market happens to suffer a serious downturn, as it did recently, you could see your monthly income reduced drastically. 401(k)'s originated as an obscure tax shelter and were never intended to be the primary source of retirement income. However, over time employers recognized that it was cheaper to give employees 401(k) contributions than it was to give them pensions. Thus they began shifting the cost and risk onto employees.

PERS and social security are both government-run pensions: you pay in a certain amount while employed and when you retire you receive guaranteed monthly income for the rest of your life. It is important for public employees to stand up to protect social security, even though they may pay into PERS instead. The

pension system provides protection and security to retirees that a 401(k) simply cannot.

Maintaining that system and its benefits on the federal level is important to all workers, either directly or indirectly. Middle class and working class people have seen their wages stagnate in recent years, while the rich have seen their incomes rise dramatically and their taxes remain extraordinarily low. The Bush tax cuts have just been extended for many rich Americans. Both public and private sector employees need to stand up for social security and ensure that the system is not undermined by unnecessary cuts.

**PGO Council 8
Settles Negotiations**

The Caseworkers and Support Staff at Guernsey County Children Services, PGO Council 8, recently settled a three year contract with management and the Children Services Board. The employees will receive a three percent increase for the first year of the contract and wages will be reopened in October 2013 to negotiate wages in 2014 and 2015. The parties also worked together through Interest Based Bargaining conducted by a SERB mediator to clarify call off procedures. Special thanks goes out to PGO Council 8 President **Roy Higgins** and PGO Council 8 Vice President **Hilary Homko** for all their work during negotiations.

**PGO Election
Scheduled**

The PGO Constitution requires that an election of state union officers be held this year. Nominations for officers must be made by a Nominations Committee composed of one member chosen by each PGO Council. Additional nominations may be made by a petition signed by one percent of the membership and presented to the executive director by April 15. The candidates for the various union offices will be finalized during the Nominations Committee meeting following the April 20th Executive Board meeting. Ballots will be mailed to members in May and must be returned by June 15.

We Need Your Help!

The PGO is updating its membership data base to prepare for the upcoming election of state union officers. If you have moved, or if you have never received mail from PGO, please contact our office to update your contact information.

VOICE OF A PGO UNION LEADER
Changing Our Perspective:
The Role of Employees

By John Campbell-Orde, Esq., PGO General Counsel

The reality is that most large American employers do not treat their employees well. Unfortunately American employees have become used to this, particularly where they are not unionized. Even where employees are unionized, employers capitalize on the “look how bad they have it over there” mentality, so poor treatment in one workplace ends up hurting employees in other workplace. For American workers to regain their rightful role in the workplace, they must increase their expectations. This requires reconsidering what is possible in the workplace, not simply what is happening but what could be happening instead.

In the private sector, the primary motivator is profit. No one is going to assert that companies should stop thinking about profit. However, corporate apologists use profit to justify behavior that would be considered unfair or even immoral otherwise. Everything we do, they assert, is justified because it improves our bottom line. Reducing employee benefits, making more part-time and less full-time jobs, giving minimal or no wage increases, outsourcing labor to Chinese sweatshops—should you object to any such behavior, the justification given will be that the bottom line demanded it. In this way employers attempt to escape responsibility for their decisions.

There are two problems with this mentality. First, corporations are simply groups of people. Most people do not believe that behaving badly is acceptable as long as you do it in a group. Second, treating your employees well is not inconsistent with being a successful organization. I will give one striking example: The John Lewis Partnership.

The John Lewis Partnership is a multi-billion dollar chain of department stores and grocery stores in England. In 2011-12 they earned approximately 600 million dollars in annual profit and billions in annual revenue. By all accounts The John Lewis Partnership is an extremely successful business. The John Lewis Partnership also is employee owned. Every employee, including those selling shoes or



coffee makers in the department stores, owns a portion of the company. Not only do they own the company, they play a central role in running the company through votes on key issues. And they are rewarded. Every year a portion of the profits is retained by the company and a portion is paid to employees as bonuses. In 2011-12, for instance, more than 200 million dollars in profits was distributed to employees as bonuses, giving each employee a bonus of approximately 14 percent of yearly wages. In addition, employees receive generous benefits and even have access to company-owned country estates for relaxation. Since 1999, company revenues and profits have roughly doubled.

Sometimes we get so used to things the way they are that we forget they could be different. American workers are so used to the stagnant wages and increased hours and to not having any control in the workplace that they seem to have forgotten that changing things is not only possible but necessary. Being union does not exempt us from the need to ask whether we have lowered our expectations and whether we need to redefine what we think is fair and right.





"Spare change?"

Hostess Bankruptcy Update and Walmart Black Friday Actions

By Amelia Woodward, Esq., PGO Field Representative

Since reporting on the demise of the Hostess brand in the last issue of the newsletter, new information has surfaced that supports the position that company mismanagement led to its demise. The CEO has acknowledged that in August 2011, the company began diverting money designated for the employee pension fund into its operations. He claims, however, that the decision to divert the money preceded his appointment, but he continued to divert these funds after he took over the company in March 2012. The misappropriation of this money continued until November 2012 when negotiations between the company and the union broke down.

Walmart is reportedly in talks to buy Hostess' assets. The Kroger Company is also reportedly interested in acquiring Hostess. A purchase by Kroger would be good news for labor because it has much better employment practices and labor relations than does Walmart. Walmart has a deplorable labor record that includes discrimination, wage and hour theft, corruption, and a host of other problems.

However, the atmosphere for workers may be changing at Walmart as their "Associates" continue to organize and engage in concerted activity. While the Black Friday protests planned by the OurWalmart group may not have garnered as much attention as other protests in recent history (the Verizon and Chicago teachers strikes come to mind), they did set the tone for future action and put Walmart on the defen-

sive. The Huffington Post reported over 100 protests in 46 states took place on Black Friday. In Dallas, Texas, Paramount, California, and Hanover, Maryland, large and small groups of protesters demonstrated against low wages, lack of benefits and retaliation they endure when complaining about those issues or just talking about a union. At the Walmart store in Paramount California, Huffingtonpost.com reporters counted over 600 people in attendance.

As these job actions continue, they can only help to encourage Associates participation in them and show Walmart it cannot continue to get away with slashing workers' rights like it slashes its prices.

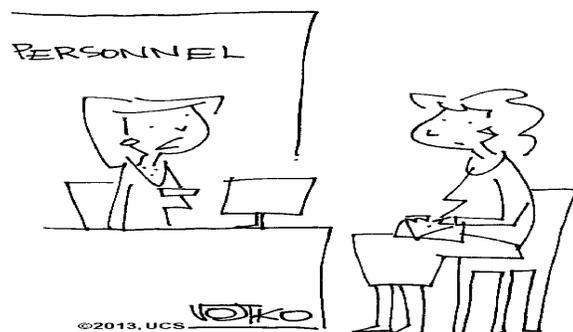
Fast Food Workers Fight Back

By Amelia Woodward, Esq., PGO Field Representative

Fast food workers in New York City took to the streets in late November to protest the low wages they earn in the industry. Several fast food restaurants around the city, including McDonald's, Wendy's, and Burger King, were picketed by their employees who are demanding a wage better than the \$7.25 they are paid.

Strike organizers cite the fact that employees of fast food restaurants are no longer just teenagers trying to earn some extra cash, but many are parents trying to earn enough to support their families. The strikers are demanding a wage of \$15 an hour in New York City, in order to make an income that does not qualify them for food stamps, which is something many of them currently need to survive.

Organizing this industry is especially difficult because many of the chains are franchises, owned by different individuals, and demanding a 100 percent raise is a monumental fight. But that hasn't deterred these workers. Under the circumstances, they don't have much choice.



"You'll have to change your religion if you work here. Our boss believes he's God."

2013 IRS Mileage Rate

The 2013 IRS mileage rate for business miles is 56.5 cents, up one cent from the 2012 rate. The new rate went into effect January 1, 2013.