



FOR IMMEDIATE RELEASE
May 4, 2005

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Castellani Urges Union Management to Stop Obstructionist Practices

WASHINGTON – John J. Castellani, President of the Coalition for the Modernization and Protection of America’s Social Security (CoMPASS), issued the following statement regarding a letter from the Department of Labor warning labor unions that use of pension plan assets for political purposes likely violates the Employee Retirement Income Security Act (ERISA):

“It’s time for union leaders to end their practice of threatening boycotts and withdrawal of pension funds against investment firms that have supported giving younger workers the option to create personal nest eggs with a small portion of their Social Security pay-ins.

“As fiduciaries for their members, pension fund managers have a responsibility that transcends politics. The threatened use of union pension funds is not in the best interests of the pension holders or in line with the personal views and interests of union members. A CoMPASS survey of union members in March found that, by more than a two-to-one margin, labor union members think offering optional personal retirement accounts to workers under age 55 is a good idea. In fact, six out of ten union members showed interest in creating a personal retirement account of their own, if they were given the choice.

“Unions have \$400 billion invested in pension plans in this country and these funds have been the union’s greatest instrument for exerting influence. They have used their pension fund clout to push special interest agendas, while attempting to oust responsible board members with records that meet the highest governance standards, simply because these board members don’t share their views.

“The Department of Labor took the right stand by seeking to halt union leaders from using pension funds as clubs to advance their political and policy agendas. We urge union management to stop their obstructionist practices and start working constructively towards solutions that will protect retirement security of workers for generations to come.”

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Generations Together (www.generationstogether.net) is a project of the Coalition for the Modernization and Protection of America's Social Security (CoMPASS). CoMPASS is a 501 (c)(4) with the mission of educating the public on, and advocating for, fundamental Social Security reform.