Client Story

Retirement Consulting

By addressing both union and employer concerns when crafting a new benefits funding policy, a billion-dollar building trades fund secured unanimous agreement on benefit improvements — avoiding costly arbitration.

The challenge

When a large Midwest construction laborers' fund was faced with a deadlock between union and management trustees over benefit improvements, both parties were seeking to find common ground in what had become a contentious disagreement.

At issue was developing benefit improvement/funding policy guidelines plan that would satisfy both the union's call for modest increases in accruals as well as the employer's requirement for a funding policy designed to mitigate downside risks.

If a deal wasn't reached, the matter would likely land in arbitration.

Our solution

Our approach to solving the construction laborers' challenge was rooted in empathetic listening and clearly understanding the concerns of both the union and the employers.

We worked with the Trustees to develop a policy that calls for action to improve funding before the Plan could reach the yellow or red zone, and prioritizes benefit improvements whenever the fund can safely provide them. Segal's three-pillar framework focused on providing meaningful income in retirement, maintaining stability and security, and using a 20-year projection to assess probabilities and risks.

This comprehensive policy allowed trustees to make informed decisions about benefit improvements and funding adjustments. They then proposed a significant benefit increase that received a unanimous vote.

The results

Segal's ability to find common ground and craft solutions that satisfy both parties' needs produced a significant positive outcome for this client.

The new funding policy balanced downside risk with benefit improvements, ensuring meaningful income for retirees. Moreover, it included guidelines to allow trustees to make informed decisions about benefit improvements in future.

Thanks to this collaborative approach, the union and employer trustees unanimously agreed on a benefit improvement — one that was larger than the union's initial request.

This consensus was achieved without the need for costly arbitration, saving the client potentially hundreds of thousands of dollars in legal fees.

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