

July 11, 2018

**Introduction:**

My name is David Gardner.

I am very proud of my profession. I am a baker.

My Grandfather was Alfred Nickles, a Swiss immigrant who founded Alfred Nickles Bakery in Navarre, Ohio, in 1909, 109 years ago.

I remember my Grandma Nickles house; it was right next to the bakery.

**Description of our business:**

Our annual revenue is \$165 Million.

In a good year, our company has a 1% profit!

We have approximately 1,250 employees.

90% are in unions.

We contribute to 5 multi-employer pension funds.

**Statistics:**

Here are 3 grim statistics about our Company.

1. Our unfunded pension liability is \$281 Million.
2. Our pension cost last year was \$13.8 Million.  
In 2008, our pension cost was \$8.1 Million.  
In 9 years, our pension cost has increased \$5.7 Million.

But, today we have 461 fewer employees.

So, if we had the same number of employees today, our pension cost last year would have been \$8.1 Million higher.

As one legislative assistant said to me, "How are you still in business?"

Why do we have 461 fewer employees?

A. We closed 49 of 51 Thrift Stores.

B. We went from 18 production lines at our Navarre bakery to 7!

Our pension costs are too high!

3. Here is the 3<sup>rd</sup> grim statistic. Three years ago, our two banks called their loans. Their reason was – “Your exorbitant unfunded pension liability is too much of a liability and a risk for your business and for us!”

### **Questions for the Joint Select Committee:**

I have some questions for the Joint Select Committee.

1. What did we do wrong?
2. Why is our business worth nothing?
3. Is it your charge to:
  - A. Make multi-employer pension funds solvent, or is it your charge to:
  - B. Change laws and help save the businesses that generate revenue for the pensions for their employees?
4. Is it fair for multi-employer pension funds to put companies out of business due to rehabilitation plans that require huge annual contribution increases – per employee per week?
5. Why can't we switch to a 401k plan?
6. Why can't we get out of a multi-employer pension plan without triggering unfunded pension liability?
7. Why should our employees have to worry about their pensions?
8. Why should our company have to fund the pensions of people who never worked for Nickles Bakery?
9. We froze our non-union pension plan in 2016 because we could not afford it. Why can't we freeze our union pension plans that we cannot afford?

## **Recommendations:**

When I went to Washington on April 25 with 8 other family business owners, one Congressman asked our group, “Do you have a plan?”

We did not.

Here are my four recommendations:

1. **All multi-employer pension plans with a certain level of under-funding must be immediately frozen.**

**These pension plans cannot sustain themselves.**

2. **Companies must have the right to help fund 401k plans for their employees and be able to withdraw from multi-employer pension funds without liability.**

3. **The contributions made by a participant to multi-employer pension plans must go back to the participant.**

**Based on the contributions, the participants and the unions will determine pension amounts for retirees, for current employees and for employee who left but who were vested.**

4. **The government must decide how to fund the pensions of orphans, the employees in companies that went out of business.**

## **Our employees:**

So, why am I here?

I am here representing the employees of Nickles Bakery.

They are our people and they are my friends.

I am concerned with one group of people – our employees and their families.

I write a personal note to every single employee who retires from our company.

I personally thank every employee at our bakery in Navarre that retires. I go see that person, and I ask them about their first day. We laugh little. We cry little. And, we thank each other!

Every business owner in this room wants to see their employees get a pension.

But, every business owner in this room has the responsibility to fight to keep their business perpetuating and growing and surviving. I am fighting for the jobs of our employees.

With the present laws in place regarding multi-employer pension plans, business owners are in a game that they cannot possibly win!