


**New England Teamsters & Trucking Industry**  
PENSION FUND  
*Looking Forward To Your Future*




## **New England Teamsters Pension Fund**

*Presentation to*


***Teamsters Joint Council 10 New England  
Business Agents' Meeting  
Teamsters Local 25  
Charlestown, MA  
March 12, 2009***

**Teamsters Joint Council 10  
New England**  
*Building a Better Future for  
all Working Men and Women*



## **New England Teamsters Pension Fund Update**


- **Pension Protection Act**
  - **Timeline**
  - **Immediate Implications**
  - **Rehabilitation Plan**
- **Pension Fund Office**



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## Pension Protection Act Timeline

Pension Protection Act Timeline		
Event	# Days	Effective Date
<b>First PPA Plan Year</b>	--	October 1, 2008
<b>Actuarial Certification</b>	90 after plan year begins	December 28, 2008
<b>Rehabilitation Plan</b>	270 after certification, accelerated to 18	January 15, 2009
<b>Surcharges</b>	30 days after certification	February, 2009
<b>Default Schedule Imposed</b>	180 after contract expiration or 30 after Rehabilitation Plan	February 14, 2009
<b>Last Chance for Preferred Schedule</b>	365 after contract expiration	Varies or March 4, 2009

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## Pension Protection Act Timeline – Immediate Implications

## Pension Protection Act Timeline – Immediate Implications

- **Actuarial Certification**
  - “Critical”
    - ◆ Lump sum option eliminated for pension effective dates after January 1, 2009
    - ◆ Notice to participants and contributing employers
      - ▶ *Mailed in January, 2009*
    - ◆ Rehabilitation Plan must be adopted
    - ◆ Imposition of Surcharges
    - ◆ Imposition of Default Schedule

## **Pension Protection Act Timeline – Immediate Implications**

- **Rehabilitation Plan**
  - Adopted 7 months early
  - Establishes 2 compliant contribution increase schedules – Preferred and Default
  - Establishes timing of Surcharge assessment
  - Establishes timing and amount of Default Schedule assessment

## **Pension Protection Act Timeline – Immediate Implications**

- **Surcharges**
  - Must be assessed on employers contributing under an expired contract from the date of expiration, but no earlier than February, 2009
  - All contracts that have expired prior to February 1, 2009 and do not conform to the Rehabilitation Plan will be assessed a 5% Surcharge for hours contributed during February, 2009 and beyond
  - Future contracts that expire without conforming to the Rehabilitation Plan will be assessed a Surcharge beginning with the month after the expiration date
  - Surcharge increases to 10% for 2010 and beyond

## **Pension Protection Act Timeline – Immediate Implications**

- **Surcharges**
  - Surcharges will be automatically billed by Fund Office
  - Failure to pay = delinquent contributions
- **February Surcharge Status (as of today)**
  - **8** expired contracts covering **400** members
  - Surcharge notices will be mailed upon receipt of the February, 2009 remittance report
- **March Surcharge Status (as of today)**
  - Additional **6** expired contracts covering **150** members
  - Surcharge notices will be mailed upon receipt of the March, 2009 remittance report

## **Pension Protection Act Timeline – Immediate Implications**

- **Imposing the Default Schedule**
  - Default Schedule must be imposed on contracts that have been expired for 180 days
    - ◆ Earliest date is 30 days after the Rehabilitation Plan adoption date or February 14, 2009
  - Contribution rate underpayment assessments must be made retroactively to contract expiration date by Fund Office
  - Recent Trustee decision:
    - ◆ Allow frozen accruals and early retirements during 180 day period

## Pension Protection Act Timeline – Immediate Implications

- **Imposing the Default Schedule Status (as of today)**
  - *12% contribution rate increases assessed retroactively to contract expiration date*
  - **To be imposed on February 14, 2009**
    - ◆ 4 expired contracts covering **160** members
    - ◆ Contribution rate underpayment assessments will be mailed in mid-March, 2009
  - **To be imposed 180 days after contract expiration**
    - ◆ Additional 4 expired contracts covering **240** members
    - ◆ Contribution rate underpayment assessments will be mailed 180 days after contract expiration

## Pension Protection Act Timeline – Immediate Implications

- **Imposing the Default Schedule – Members**
  - 180 days after contract expiration without renewal or extension
    - ◆ *Reduce* frozen accrual by 60%
    - ◆ *Eliminate* early retirement
      - ▶ No Special Service nor 30-Year Full Service Pensions
    - ◆ *Eliminate* disability retirement
    - ◆ *Eliminate* benefit options
      - ▶ No 120 Payment nor Christmas Options
    - ◆ *Eliminate* death benefits
      - ▶ No Single Payment nor 36 Month Annuity for Unmarried

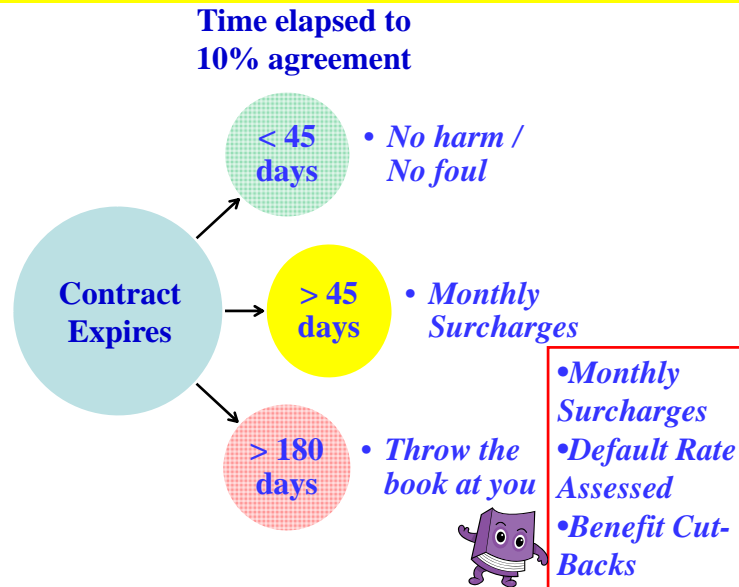
## **Pension Protection Act Timeline – Immediate Implications**

- **Imposing the Default Schedule Status – Members**
  - Hours worked under a Default Schedule contract will not be posted to a member's pension record
    - ◆ Whether Default Schedule is imposed or elected
    - ◆ Fund Office control of information

## **Pension Protection Act Timeline – Immediate Implications**

- **Late Adoption of Preferred Schedule**
  - Bargaining parties may adopt the Preferred Schedule within one year of contract expiration to restore Preferred Schedule benefits
    - ◆ Surcharges and/or Default Schedule contributions will be required after contract expiration
      - ▶ No refunds of Surcharges or Default Schedule contributions will be made
  - Default Schedule contracts that subsequently become Preferred Schedule contracts will be addressed by the Trustees on a case-by-case basis

## Penalty Assessment Timeline

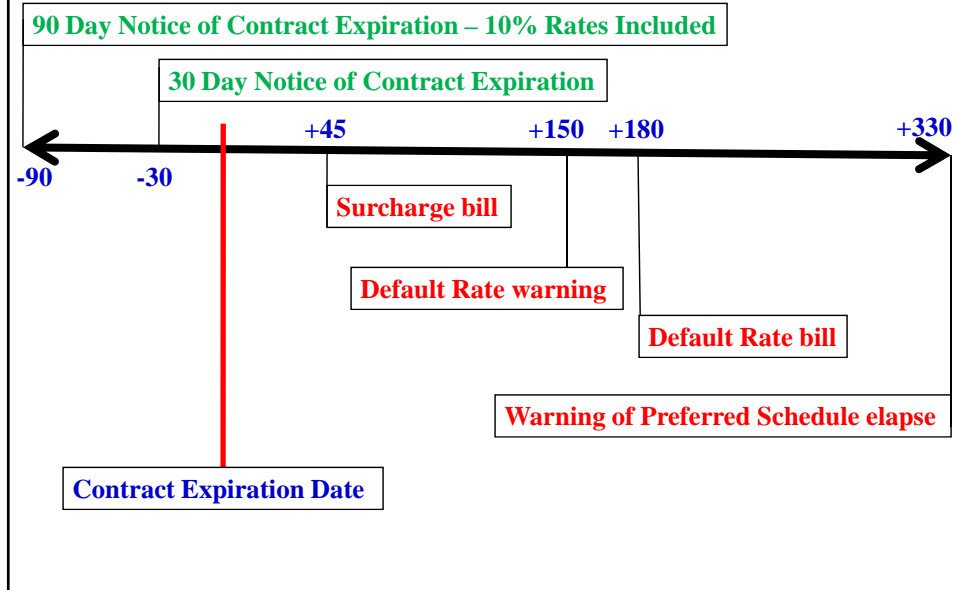


## Pension Protection Act Timeline – Immediate Implications

- **Pension Fund Office Notification**
  - **Old Rule**
    - ◆ Provide notice after negotiations are complete – before or after contract expiration date
    - ◆ No penalties for expired contracts
    - ◆ Retroactive rate change assessment made if necessary
  - **New Rule**
    - ◆ Provide written notice ASAP after negotiations are complete
    - ◆ Penalties for expired contracts include Surcharges, possible reduced schedule of benefits and Default Schedule



## Automatic Fund Office Mailings



## Business Agent / Local Union Assistance

- **Continue to send Maintenance of Benefit requirement requests**
  - Confirm contract expiration date
  - Specify contract length (estimate)
- **Notify Fund Office *in writing* as soon as pension rates are settled**
  - Copy of the contract
  - Signed Side Letter – *see attached*
  - Letter from company

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## **Rehabilitation Plan**

### **Rehabilitation Plan**

- **Adopted January 15, 2009 and applicable to contributions renewed between March 4, 2008 and December 31, 2009**
- **Will be reviewed annually and adjusted, as needed**
- **Creates 2 required contribution and benefit schedules**
  - Preferred and Default
- **Formally creates Inactive Vested Participant status**
- **Notification of Surcharges and Default Schedule Imposition**

## Rehabilitation Plan – Preferred Schedule

- **Requires 10% annual employer contribution rate increases for 5 years, 8% thereafter**
  - Valid for the duration of the renewed contract
- **No change to current schedule of benefits (except Lump Sum)**
  - Future accruals at Frozen Accrual Value
  - Eligible for early retirement and Special Service
- **98% of members covered under Preferred Schedule (as of today)**
  - Contracts renewed after March 4, 2008 with 10% contribution rate increases (e.g. UPS, NMF, etc.)
  - Contracts with future expiration date that conformed to 5% Maintenance of Benefits requirement

## Rehabilitation Plan – Default Schedule

- **Requires 12% annual employer contribution rate increases for 5 years, 11% thereafter**
  - Presumed to withdraw from Pension Fund at high rate without full withdrawal liability payment
- **Significant reduction in schedule of benefits**
  - Reduce future accruals to 40% of Frozen Accrual Value
    - ◆ Future accrual = \$99.20 for \$248 Frozen Accrual Value
  - Eliminate all early retirements prior to age 64
    - ◆ Special Service
    - ◆ 30 Year full service
    - ◆ Disability

## Rehabilitation Plan – Default Schedule

- **Significant reduction in schedule of benefits (continued)**
  - Eliminate benefit payment options
    - ◆ 120 certain payment and Christmas benefit
  - Eliminate death benefits
    - ◆ Single payment and 36 month annuity for unmarried
- **Default Schedule will be imposed 180 days after contract expiration**
  - Default Schedule date of February 14, 2009 → 4 contracts covering 160 members

## Rehabilitation Plan – Inactive Vested Participants

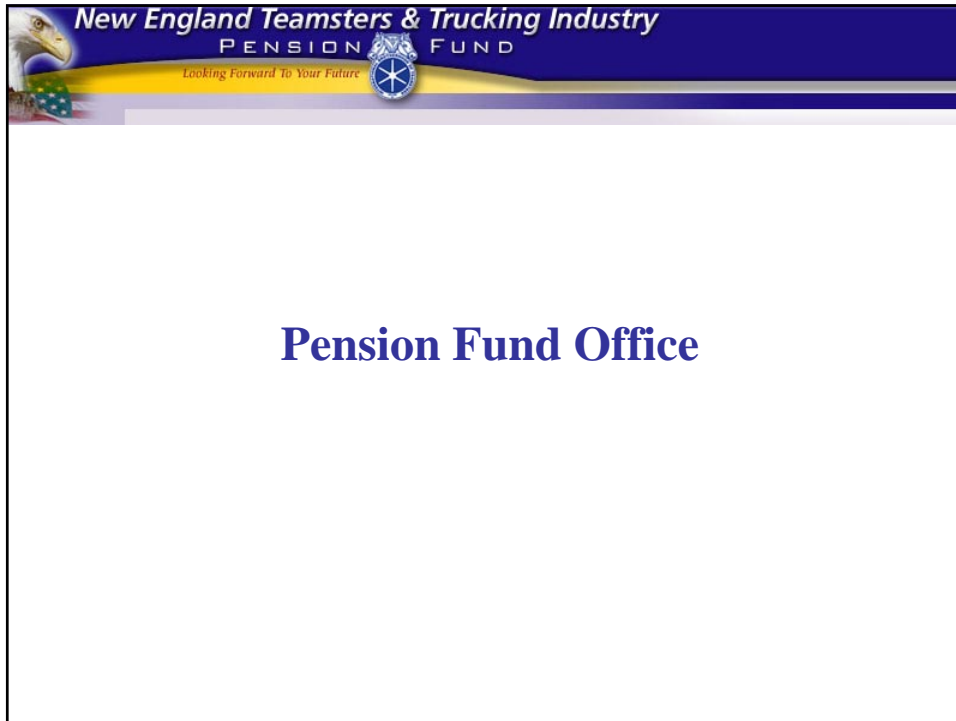
- **Vested participants who do not work in covered employment for at least 12 consecutive months**
  - Eliminate all early retirements before age 64
  - Eliminate benefit payment options
    - ◆ 120 certain payment and Christmas benefit
- **Restore active participation by working 750 hours in a calendar year**
- **Service in a “Teamster-related” pension fund and/or absence while on worker’s compensation may be recognized as covered employment for the Inactive Vested test**

## Rehabilitation Plan – Inactive Vested Participants

- **Non-elected 13<sup>th</sup> check no longer payable**
  - Members without Pension Credit since 1990
- **4 categories of Inactive Vested Participants**
  - Over age 64 (800)
    - ◆ Lose benefit options
  - Currently eligible for early retirement (1,400)
    - ◆ 15 years of Pension Credit and age 52
    - ◆ Lose early retirement (unless apply by March 31, 2009)
    - ◆ Lose benefit options

## Rehabilitation Plan – Inactive Vested Participants

- **4 categories of Inactive Vested Participants (continued)**
  - Future eligible for early retirement (1,300)
    - ◆ 15 years of Pension Credit, not age 52
    - ◆ Lose early retirement
    - ◆ Lose benefit options
  - Never eligible for early retirement (15,000)
    - ◆ Less than 15 years of Pension Credit
    - ◆ Lose benefit options



## **Pension Fund Office**

- **Primary missions**
  - Provide answers
    - ◆ Call-ins
    - ◆ Fund Office visits
    - ◆ Local Unions visits
    - ◆ Write-ins (more and more emails)
  - Administer the Pension Fund
    - ◆ Collect contributions
    - ◆ Pay benefits
    - ◆ Maintain member and contract data
    - ◆ Only advisory functions are out-sourced

## **Pension Fund Office**


- **Website:** [www.nettipf.com](http://www.nettipf.com)
- **General access**
  - Information about the Fund
  - Rules & Regulations
  - Notices
- **Member access**
  - Contribution hours
  - Estimated pension benefit

## **Pension Fund Office**

- **Local Union access**
  - Employer contribution rates & schedule
  - Employer contribution hours
  - Employer roster
  - Summary of approved pensions
  - Pension Contributions Side Letter

## Pension Contributions Side Letter

- **NOW THEREFORE, the Employer and Union agree that the Fund contributions that will be included in the collective bargaining agreement to be negotiated by the parties will be increased by 10% per hour effective on the first day following the expiration of the current collective bargaining agreement according to the schedule provided by the Fund Office. The Employer agrees that the increased contributions shall be paid to the Fund as required by the current collective bargaining agreement.**



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**Questions?**



**SIDE LETTER**

**NEW ENGLAND TEAMSTERS & TRUCKING INDUSTRY PENSION FUND**

WHEREAS, the below-named Employer and Union are parties to a collective bargaining agreement that requires contributions to the New England Teamsters & Trucking Industry Pension Fund (“Fund”); and

WHEREAS, their collective bargaining agreement is about to or has expired and a successor agreement has not yet been negotiated; and

WHEREAS, the Employer and the Union are aware that if the parties do not accept one of the Schedules as provided for in the Rehabilitation Plan adopted by the Trustees of the Fund by the end of the expiring collective bargaining agreement then a 5% surcharge (increased to 10% after a year) will be assessed by the Fund on the amount of the hourly contributions under the expiring collective bargaining agreement; and

WHEREAS, the Employer and the Union desire to avoid the imposition of the surcharge and/or the Default Schedule as further provided for in the Rehabilitation Plan;

NOW THEREFORE, the Employer and Union agree that the Fund contributions that will be included in the collective bargaining agreement to be negotiated by the parties will be increased by 10% per hour effective on the first day following the expiration of the current collective bargaining agreement according to the schedule provided by the Fund Office. The Employer agrees that the increased contributions shall be paid to the Fund as required by the current collective bargaining agreement.

\_\_\_\_\_  
Employer

\_\_\_\_\_  
Union

Date: \_\_\_\_\_

Date: \_\_\_\_\_