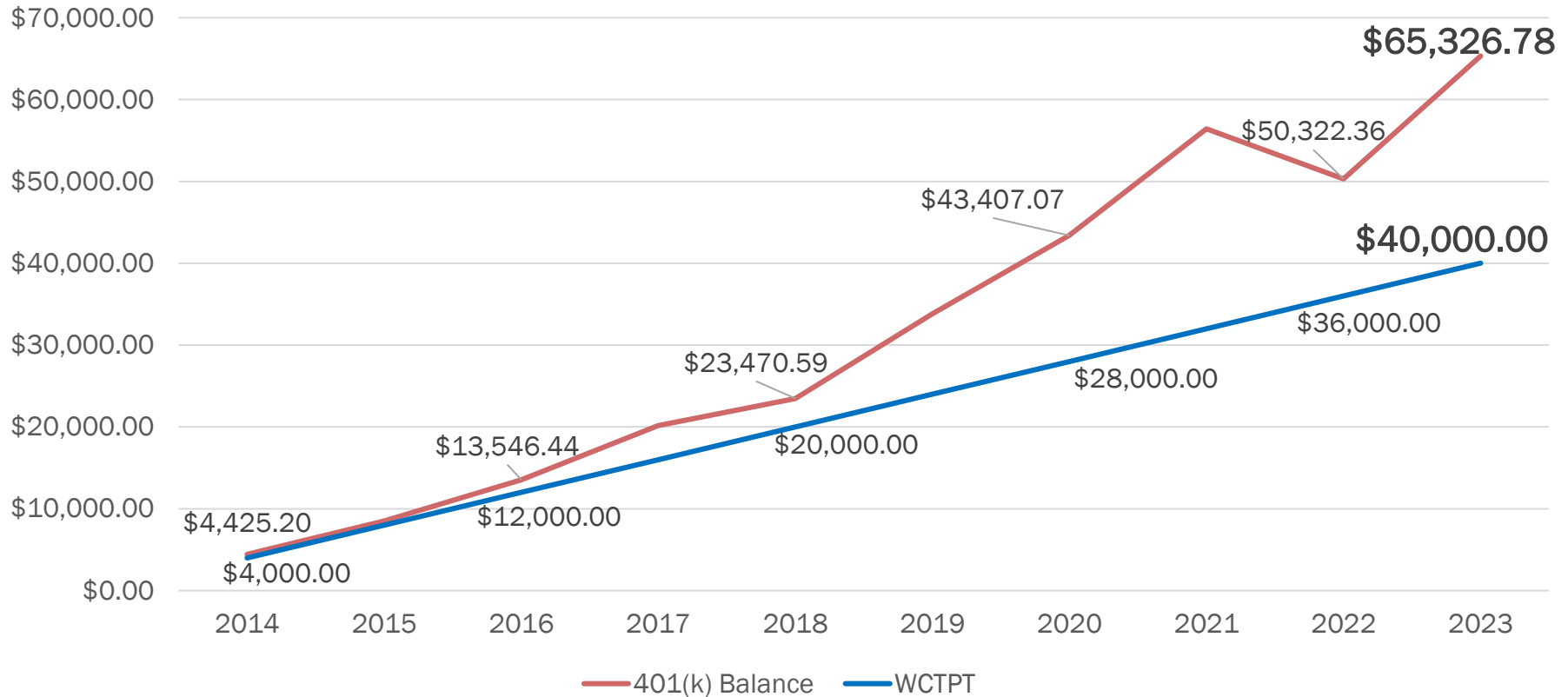


# **COMPARISON OF 401(K) PLAN VS. WCT PENSION PLAN**



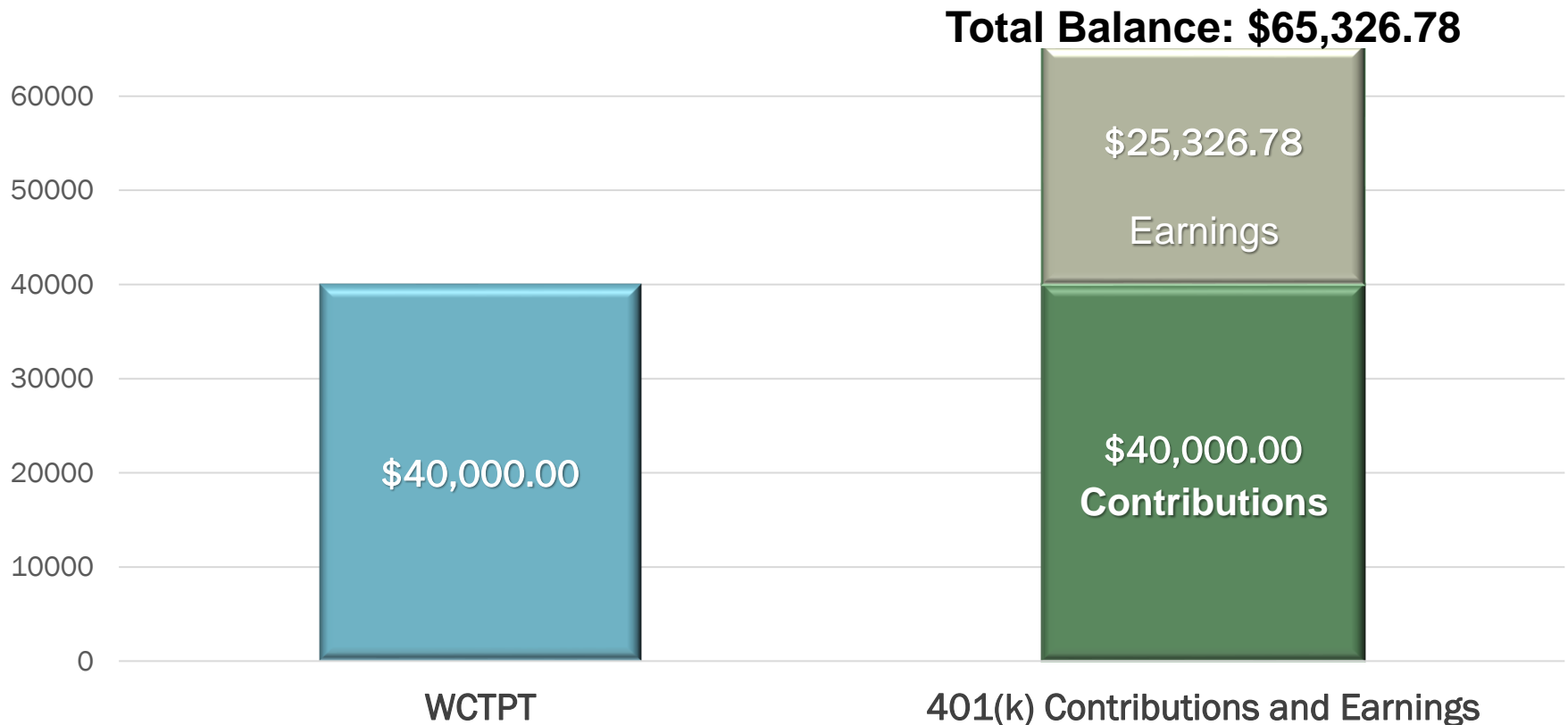
**A TEN-YEAR ANALYSIS  
THROUGH DECEMBER 31, 2023**

# Compare: WCTPT vs. 401(k) Earnings and Contributions 2014 – 2023 (10 Years of Contributions)



- In this slide, we compare \$40,000 in contributions (\$4,000 each year) made to WCT Pension Plan (WCTPT) and a 401(k) plan, each over the latest 10-year period (2014 – 2023).
- At the end of the ten years, the WCTPT has \$40,000 in contributions paid on behalf of the Plan member; the 401(k) plan has \$40,000 in contributions plus another \$25,326.78 in investment earnings, assuming those contributions were invested 60% in stocks and 40% in Bonds during the 10 years (the S&P 500 and an ETF based on the Bloomberg Barclays Bond Index – which is the most favorable comparison that can be made over this period). In total, the 401(k) plan has an account balance of \$65,326.78 at the end of 2023.

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# What can \$65,326.78 buy?

According to [ImmediateAnnuities.com](https://www.immediateannuities.com), you can purchase a fixed income annuity for your lifetime:

Add to My Report	Average Estimated Quotes Single Life & Period Certain Options Income Starts in 1 Month	Est. Monthly Income
<input checked="" type="checkbox"/>	<b>Life</b> (?)	<b>\$382</b>
<input checked="" type="checkbox"/>	<b>Life &amp; 10 Years Certain</b> (?)	<b>\$383</b>
<input checked="" type="checkbox"/>	<b>Life with Cash Refund</b> (?)	<b>\$369</b>
<input type="checkbox"/>	<b>5 Year Period Certain</b> (?)	<b>\$1,202</b>
<input type="checkbox"/>	<b>10 Year Period Certain</b> (?)	<b>\$668</b>
Premium \$65,327 (Male 62). These quotes are estimates. To get exact quotes, check the "Add to My Report" box next to any annuity options and continue to step 2.		

- With the 401(k) account balance of **\$65,326.78**, how much of a monthly benefit does this generate if we convert it to a monthly annuity for a male beginning at age 62?
- According to [ImmediateAnnuities.com](https://www.immediateannuities.com) (February 6, 2024), with a sum of **\$65,326.78** you can purchase a fixed income annuity for the person's lifetime and receive **\$382 per month**.
- As a Female the Life option drops to **\$371.00 per month**

# Monthly Benefit Earned: 2014 - 2023 (10 Years of Contributions)

401(k): \$382.00

WCTPT: \$540.00

**41.3%  
Greater  
Benefits  
Under  
WCTPT**

\$0      \$100      \$200      \$300      \$400      \$500      \$600      \$700      \$800

- How does the \$382.00 per month purchased as an annuity from the 401(k) balance compare with the monthly benefit earned under the WCTPT?
- The monthly benefit provided by the WCTPT, based on the \$40,000 in contributions from 2014 – 2023, is \$540.00 beginning at age 62, assuming the Recent Coverage test is met (at the accrual rate of 1.2% 2014-2019, 1.5% for 2020, and 1.6% for 2021 - 2023).
- The difference in benefits is **\$158.00** per month, or **41.3% greater benefits** under the WCTPT than offered by the 401(k) plan.

# Total Benefits After 20 Years of Retirement: 2024 - 2043 (10 Years of Contributions)

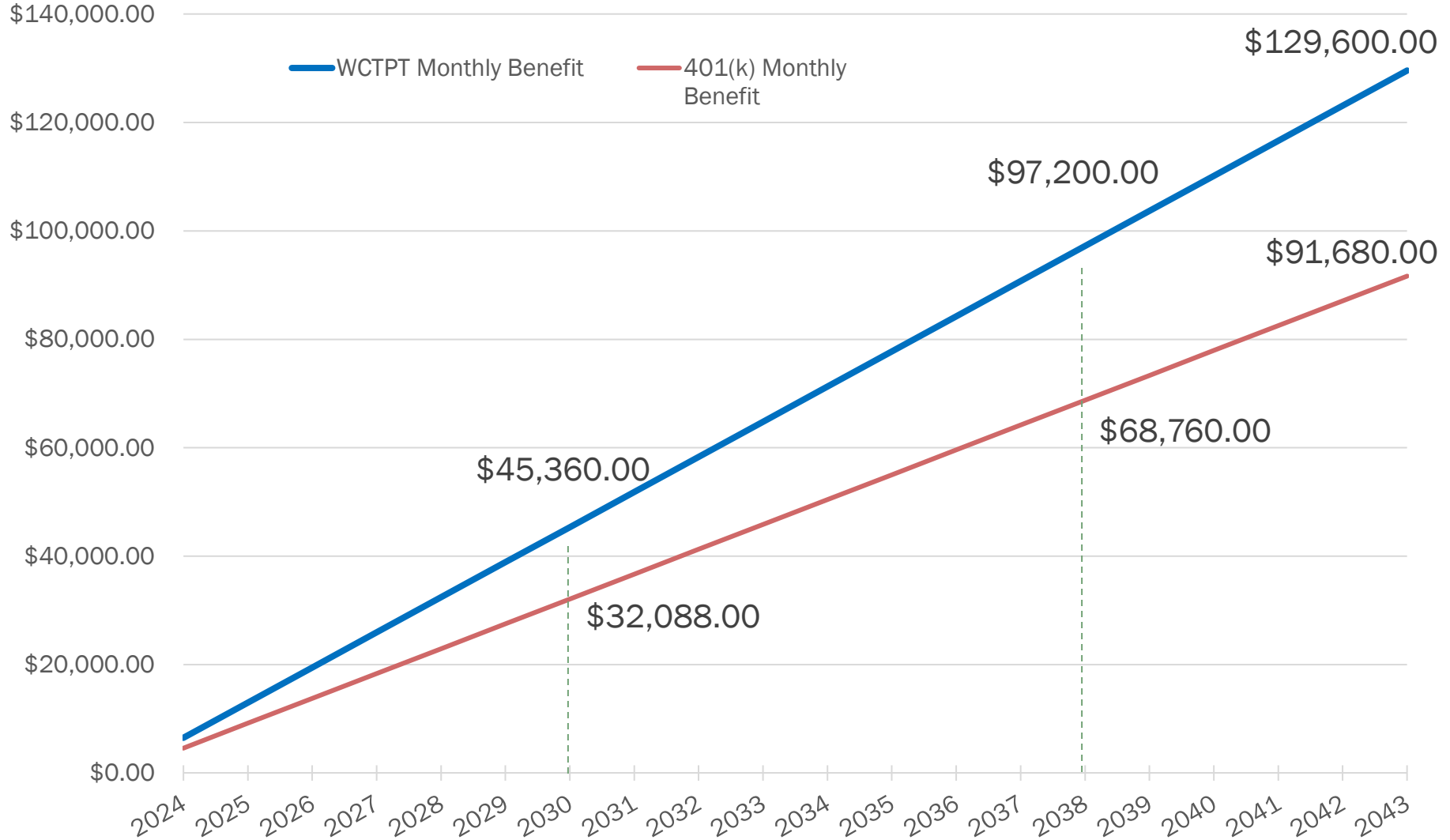
Year	WCTPT Monthly Benefit \$540	401(k) Monthly Benefit \$382
2024	\$6,480.00	\$4,584.00
2025	\$12,960.00	\$9,168.00
2026	\$19,440.00	\$13,752.00
2027	\$25,920.00	\$18,336.00
2028	\$32,400.00	\$22,920.00
2029	\$38,880.00	\$27,504.00
2030	\$45,360.00	\$32,088.00
2031	\$51,840.00	\$36,672.00
2032	\$58,320.00	\$41,256.00
2033	\$64,800.00	\$45,840.00
2034	\$71,280.00	\$50,424.00
2035	\$77,760.00	\$55,008.00
2036	\$84,240.00	\$59,592.00
2037	\$90,720.00	\$64,176.00
2038	\$97,200.00	\$68,760.00
2039	\$103,680.00	\$73,344.00
2040	\$110,160.00	\$77,928.00
2041	\$116,640.00	\$82,512.00
2042	\$123,120.00	\$87,096.00
2043	\$129,600.00	\$91,680.00

## - The Payoff -

Looking at the benefits paid over 20 years under the WCTPT versus the 401(k) purchased annuity, we find:

- The breakeven point for contributions paid (\$40,000) versus benefits received from the WCTPT is approximately six years and three months (March payment of 2030).
- By the end of 2030 **\$45,360.00** in benefits will have been received. At this same time, the 401(k) annuity will have paid benefits totaling **\$32,088.00**.
- It isn't until after the **early 2038** (after nearly **15 years** of retirement) that the 401(k) annuity will reach its breakeven point, when **\$65,326.78** in benefits (equaling the total original 401(k) balance) will have been paid. At this same time, the WCTPT will have paid benefits totaling **\$97,200.00 through the end of 2038**.
- After 20 years of retirement benefit payments: Under the WCTPT, a retiree will have received **\$129,600.00**; under the 401(k) annuity of **\$382 per month**, the retiree will have received **\$91,680.00**.

# Total Benefits After 20 Years of Retirement: 2024 - 2043 (10 Years of Contributions)



# WCT PENSION PLAN VS. 401(K) PLAN

- 401(k) Plans are excellent savings vehicles, but they are not designed to provide true lifetime security.
- Even after a 10-year period (2014 – 2023) that was very good for stocks, the WCT Pension Plan compares very favorably to any lifetime benefits offered by a 401(k) plan.
- And in years when the investment markets are unstable or even negative, the WCT Pension Plan will continue to accrue steady, positive benefits. Contrast that with a 401(k) plan where a major market downturn at the time your annuity is purchased could reduce your account balance, leaving you no options to recover the amount you were expecting.
- In addition, the WCT Pension Plan provides an umbrella of security, with child and spousal survivor benefits and disability benefits, as well as predictable monthly retirement benefits.
- The Western Conference of Teamsters Pension Plan represents **Retirement Security for a Lifetime.**