



Western Conference of Teamsters Pension Trust

An Employer-Employee Jointly Administered Pension Plan - Founded 1955

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April 27, 2022

Re: Annual Update from the Chairman of the Employer Caucus to Contributing Employers

Dear Contributing Employer:

Each Spring, I write to inform you of the Western Conference of Teamsters Pension Plan's (the "Plan") performance for the prior year. I am pleased to report that 2021 was a milestone year for the Plan with the Plan achieving greater than full funding on a market-value basis and eliminating contingent withdrawal-liability exposure for employers that continue to participate in the Plan after December 31, 2021. The following are key takeaways from the Plan's performance during 2021:

- The Plan's unfunded vested benefit liability, which was \$860 million as of December 31, 2020, was eliminated during 2021. This eliminates contingent withdrawal-liability exposure for employers that participate in the Plan after December 31, 2021. This is a significant accomplishment considering that the Plan reduced its assumed rate of return from 7% to 6.75% on December 31, 2019 and then reduced the assumed rate of return again to 6.5% on December 31, 2020. The reductions in the assumed rate of return temporarily increased the unfunded vested benefit liability but made the Plan more secure on a long-term basis. While the Plan could have an unfunded vested benefit liability in the future, the Trustees do not anticipate that this will occur if the Plan continues to meet its operating assumptions.
- The Plan is estimated to be 108% funded on a market value basis and 98.1% funded on an actuarial basis as of January 1, 2022, which is a significant improvement over last year (92.6% on an actuarial basis). If Plan assumptions are met during 2022, the Plan is expected to become fully funded during 2022 on an actuarial basis. Plan assets grew from \$50.1 billion as of December 31, 2020 to \$56.9 billion (unaudited) as of December 31, 2021.
- The estimated investment return for 2021 for non-dedicated assets was 16.8%, a gain of approximately 10.3% compared to the 2021 assumed rate of return of 6.5% on non-dedicated assets. The Plan's average rate of return since December 31, 1991 and for the last 1-, 3-, 5-, and 10-year periods has exceeded the Plan's assumed rate of return.
- Employer contributions to the Plan grew by 6.81% during 2021 (\$2.36 billion) and outpaced the growth in benefit payments (3.05%), which strengthens the Plan's cash flow. This shows that the Plan is attracting new participants and increasing contributions from existing employers, which is the lifeblood of any multiemployer pension plan.
- The Plan's ERISA credit balance grew to \$5.8 billion and is not projected to be exhausted in the future if Plan assumptions are met.
- The Plan's actuary certified that the Plan was in the 2006 Pension Protection Act's Green Zone as of January 1, 2022, which has been the case for each year in which the zone-status system has been in effect.
- The Plan remains the largest and one of the best-funded multiemployer pension plans in the country.

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Based on the Plan's strong performance, the accrual rate will remain at 1.6% for the 2022 and 2023 Plan Years. In recent years, the Plan Trustees had temporarily increased the accrual rate from 1.2%. The accrual rate will return to 1.2% beginning January 1, 2024 unless the Plan Trustees take further action. The increased accrual rate is a meaningful additional benefit to the Plan's active participants and will attract new employers and participants, which will strengthen and diversify the Plan.

During 2021, the Plan and its Trustees continued to take unprecedented efforts to ensure the smooth and uninterrupted operation of the Plan during the pandemic. We are pleased to report that all essential Plan functions continued uninterrupted during the pandemic and that the Plan actually improved significantly with respect to growth of assets, contributions, benefits paid, and active participants during that period.

Last year, Congress passed the American Rescue Plan, which will provide funding for certain multiemployer pension plans in critical and critical-and-declining status. This legislation does not directly affect the Western Conference Plan due to our Green Zone status and high funded percentage. However, it does help to stabilize the multiemployer pension industry, which is good for our Plan and our contributing employers that also participate in critical and critical-and-declining plans. As of April 1, 2022, 33 plans have applied to the Pension Benefit Guarantee Corporation ("PBGC") for \$6.9 billion in special financial assistance under the American Rescue Plan. The PBGC estimates that the special financial assistance program will provide roughly \$97 billion to approximately 268 critical and critical-and-declining plans.

Please visit our website at www.wctpension.org. You will find a wealth of information, including the Summary Plan Description, the Plan and Trust document, Form 5500 Annual Reports, actuarial reports, funding notices, PPA actuarial certifications, plan forms, frequently asked questions, video tutorials, contact information and much more.

Please do not hesitate to contact me if you have any questions.

Best Regards,



Edward R. Lenhart
Employer Caucus Chairman

Mailing List Update

To add individual(s) to the mailing list of those who should receive important communications from the Chairman, or to make changes to the contact information that I have on file, please send an e-mail with the information below to Chris at erlenhart@outlook.com or mail this form to:

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Fax: 425-453-4142

☐ Add ☐ Change ☐ Delete

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