



Western Conference of Teamsters Pension Trust

An Employer-Employee Jointly Administered Pension Plan - Founded 1955

Office of the Chairman
4580 Klahanie Drive SE, #513
Sammamish, WA 98029
Office (425) 281-1997
rickeporter@outlook.com
www.wctpension.org

May 25, 2023

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

Dear Contributing Employer:

Each Spring, I will continue the tradition of sending an annual update to contributing employers, summarizing key developments over the past year. 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 in 2022 another milestone for the Plan was achieved by paying out **one million benefits since its inception, and counting**. I am also pleased to announce that the Plan continues to have \$0 unfunded vested benefit liability (UVBL), and has eliminated contingent liability for a complete withdrawal for employers that have continued to participate in the Plan after December 31, 2021. The following are key takeaways from the Plan's performance during 2022:

- The Plan's unfunded vested benefit liability continues to be eliminated for 2023. This eliminates contingent exposure for a complete withdrawal by employers that participate in the Plan after December 31, 2022. 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 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 94.5% funded on a market value basis and 99.1% funded on an actuarial basis as of January 1, 2023. The funded status improved over last year (98.0% on an actuarial basis) despite the downturn in the financial market, due to the recognition of deferred gains from prior years. Assuming 6.5% returns for 2023 and beyond, the Plan is projected to be 100% funded on an actuarial/PPA basis at January 1, 2024, and 100% funded on a market value basis at January 1, 2027. Plan assets were \$50.6 billion (unaudited) as of December 31, 2022.
- The estimated investment return for 2022 for non-dedicated assets was -9.7%. However, the Plan's average rate of return since December 31, 1991, and for the last 3, 5, and 10-year periods has exceeded the Plan's assumed rate of return.
- Employer contributions to the Plan grew by 7.68% during 2022 (\$2.545 billion) and outpaced the growth in benefit payments (3.03%), 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 \$6.062 billion at December 31, 2022, 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 Pension Protection Act's Green Zone as of January 1, 2023, 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.

Annual Update Letter
May 25, 2023

The accrual rate will remain at 1.6% for the 2023 Plan Year. In recent years, the Plan Trustees had temporarily increased the accrual rate from 1.2% based on the Plan's strong performance. 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 2022, the Plan and its Trustees continued to take unprecedented efforts to ensure the smooth and uninterrupted operation of the Plan during the pandemic as well as high inflation and rising interest rates. We are pleased to report that all essential Plan functions continued uninterrupted during the pandemic and that the Plan improved significantly with respect to growth of contributions, benefits paid, and active participants during that period.

In 2021, Congress passed the American Rescue Plan Act ("ARPA"), 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, 2023, 83 plans have applied to the Pension Benefit Guarantee Corporation ("PBGC") for \$69.4 billion of special financial assistance under ARPA. Forty-one (41) plans have been approved for \$45.8 billion in assistance, including \$35.8 billion for the Central States Pension Plan. The PBGC estimates that the special financial assistance program will provide roughly \$74 to \$91 billion to over 200 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,



Rick Porter
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 rickeporter@outlook.com or mail this form to:

Western Conference of Teamsters Pension Plan
Office of the Chairman – Employer Caucus
4580 Klahanie Drive SE, #513
Sammamish, WA 98029

☐ Add ☐ Change ☐ Delete

Name: _____ Title: _____

Company Name: _____

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