



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 6, 2024

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

Dear Contributing Employer:

As Chairman of the Western Conference of Teamsters Pension Trust (Trust) and Chairman of the Employer Caucus, it has been my practice to report to you annually on the health of the pension plan (Plan) to which you have entrusted the retirement security of your valued employees.

I am pleased to inform you that the Trust entered 2024 in a very strong financial position, allowing the Board of Trustees to make several strategic decisions that expand and protect benefits for more than 620,000 pension participants and their families. The following are some important highlights:

- As of December 31, 2023, the Trust's assets were valued at \$55.8 billion, a 10% increase over the previous year.
- An estimated investment return of 12.2% on discretionary assets, along with employer contributions of \$2.562 billion, contributed to this notable increase in market value.
- The Trust continues to have **no** unfunded vested benefit liability and, therefore, no withdrawal liability for its 1,370 contributing employers.
- The Trust continued to add net new employers throughout 2023. Unlike many multiemployer pension plans, our Trust includes contributing employers from more than 50 industries. This diversification helps protect the Trust from industry-specific market fluctuations.
- New entrants and a strong economy combined to increase the Trust's number of active participants for the 11th consecutive year!

This strong funding position and growth outlook allowed the Trustees to take a key step in securing the future for our retirees and your current employees. Acting on the advice of our actuarial consultant and other service providers, the Trustees established a \$31.9 billion dedicated bond portfolio, which will match cash flows from interest payments and bond maturities with benefit payment obligations. This dedication, the largest established by any pension program in the U.S., will further ensure the retirement security of more than 240,000 retirees and beneficiaries through 2053.

Importantly, the Trust is retaining the assets and servicing the liabilities of the retirees and beneficiaries covered by the dedicated bond portfolio. The dedication is not a risk transfer to a third party, such as an annuity purchase; instead, the Trust retains ownership of the assets and will oversee the dedication prudently in the years ahead.

In addition to ensuring that retiree payment obligations will be met, the dedication also reduces the impact of future market volatility on the Trust's remaining non-dedicated assets, now targeted to meet current workers' retirement needs. Finally, the risk of the Trust again incurring withdrawal liability, or slipping from the "green zone" of funding strength, has been notably reduced.

While the creation of the 2024 dedication was a significant achievement, the Trustees were not finished improving the Plan. The Trustees also approved major benefit enhancements. First, for hours worked January 1, 2024, through December 31, 2025, the Trustees granted a 33% bonus accrual. This accrual rate applies to all participants regardless of the years of service earned. Second, effective July 1, 2024, the child survivor benefit will expand in three important ways:

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1. The survivor benefit will include dependent children up to age 22. Currently, the survivor benefit is payable to dependents up to age 18.
2. Eligibility for the benefit will be extended to include units at all contribution levels. The family of an eligible Teamster participant with an average rate from \$0.10 through \$0.99 can qualify for a benefit of \$1,000 per month.
3. For units at an average contribution rate of \$1.00 or higher, an eligible participant's family can qualify for a child survivor benefit of \$2,000 per month, double the current maximum monthly amount per family.

These extraordinary steps ensure pension security for current retirees while also building benefit levels for those who retire in 2024 and beyond. As the Trust adds new employers from around the country, the Trustees will continue to take steps to ensure the value of future pension benefits promised to their employees and families. As a contributing employer, you can have confidence in the Trust's stability as the largest and one of the best-funded multiemployer pension plans in the country. The Trust actuary reconfirmed this stability earlier this year by certifying that the Trust remains a Green Zone plan, which has been the case every year since Congress established the Pension Protection Act (PPA) funding zones in 2006.

Moving \$31.9 billion into the dedicated bond portfolio will have some short-term effects on the Trust's funded status, but the impact is expected to be minimal and short-lived.

- The PPA funded status as of January 1, 2023, was 99.2%. The PPA funded status as of January 1, 2024, is projected to be 95.2%; however, the Trust will remain solidly in the Green Zone and expects to achieve a PPA funded status of 100% by 2030. The Plan is expected to have no unfunded vested benefit liability for withdrawal liability purposes during this period.
- The ERISA credit balance grew to \$6.401 billion as of January 1, 2024. It is expected to remain level over the next few years before beginning to increase starting in 2026.

As I begin my second year as Trust Chairman, I am energized by the opportunity to continue the legacy of the Trust through prudent investment practices, efficient administrative processes, and well-considered Plan improvements that not only give pension participants more benefits, but also protect what they already have earned.

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

Best regards,



Rick Porter
Employer Caucus Chairman



Scan to visit our website at www.wctpension.org.

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: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone No: _____

Email Address: _____