



**Western Conference of Teamsters Pension Trust**  
**An Employer-Employee Jointly Administered Pension Plan – Founded 1955**

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**Annual Pension Update 2018**

**TO:** Teamsters Joint Councils and Local Unions Participating in the Western Conference of Teamsters Pension Trust

**FROM:** Chuck Mack, Chairman

**DATE:** May 3, 2019

Dear Sisters and Brothers,

The adage “what goes up must come down” was on clear display when it came to the Pension Trust’s 2018 investment returns.

After a solid year in 2016, and an exceptional year in 2017- a return of over 14%, we watched the markets tank in the fourth quarter of last year. The results - a loss of 1.9% to the Trust for 2018.

Disappointing, yes, frustrating, yes. At the end of the third quarter the Trust had gained between 4 and 5%. We were on the way, we thought, to meet our annual assumed return rate of 7%. Not to be.

It’s never easy to forecast what capital markets will do, but with the level of instability, volatility and uncertainty in the world today, predictability is almost impossible.

Don’t Panic. It’s not all bad.

1. The Trust did well on a number of fronts.

We saw:

- a new record for employer contributions of 1.9 billion dollars. We expect contributions will increase to over 2 billion dollars in 2019 and continue on the path upward for the future. This is a result of recently negotiated labor agreements which contain significant increases in pension contributions.

- the active participants increase to over 218,000. The sixth straight year our numbers have gone up.
- benefits to retirees and beneficiaries increase to 2.83 billion dollars.
- the Plan's funding percentage climbed to 92.7% even with the economic downturn.
- Unfunded Vested Benefit Liability is projected to decline from 1.6 billion to 1.3 billion dollars. That's the fifth straight year it's gone down. That's good news. UVBL determines employer withdrawal liability. It's always easier negotiating pension increases when UVBL is declining.
- an increase in participants both in and out of the West. We welcomed a new unit from the state of Delaware. The 13 Western States have now become the 29 Western States.
- the Plan remain in a "green zone" status, which is the strongest pension funding level as determined by the Pension Protection Act of 2006.
- the Western Conference of Teamsters Pension Trust continues as the largest Multi-Employer Defined Benefit Plan in the nation.

## 2. The fourth quarter investment losses were significant and they were disappointing.

However, the good news - Trust investment gains in the first quarter of this year not only wiped out; they exceeded the fourth quarter losses of last year. Our Plan assets are now over 42 billion dollars. Positive for sure and a good way to begin the year but we are mindful there are eight more months to go.

A year like 2018, demonstrates most effectively the advantage to our members/participants who are covered by a well-funded Defined Benefit Plan like the WCTPT. 401k returns were at best flat and most likely negative in 2018. However, our members/participants received a positive accrued benefit for every hour they worked. Their pension benefit at the end of 2018 was higher than that at the end of 2017. Nothing wrong with a 401k, it can be a valuable part of a person's retirement. It, however, is not as reliable or dependable as the Defined Benefit Plan.

## **A Real Problem---Still**

In last year's update we indicated that the biggest issue in the Multi-Employer Defined Benefit world is the looming insolvency facing the Central States Teamsters, United Mine Workers and several other Plans. There was reason for hope when Congress appointed a Joint Select Committee from the House and Senate to find a solution. After numerous hearings, meetings and discussions, the Committee was not able to bring forth legislation. They offered suggestions and ideas that were almost universally rejected.

The problem remains, but there are efforts in this session of Congress to again find a solution.

Rep. Richard Neal (D-Mass) has introduced legislation - Rehabilitation of Multi-Employer Pension Act. The Bill is patterned after last years "Butch Lewis Act" and would help funding of financially troubled Multi-Employer Pensions. The WCTPT supports the efforts. We've communicated our position to various stakeholders and members of the House and Senate.

This is a **real** problem and it must be solved. A failure to do so will have ramifications for the Multi-Employer Defined Benefit Universe, numerous communities across the Country, and would be devastating for hundreds of thousands of workers who have done the right things and are entitled to the retirement security they were promised.

## **We Said No - To GROW**

We succeeded last year in defeating Composite Legislation in the form of the GROW Act. This legislation supported by North American Building Trade Unions, Construction Contractor Associations and their friends would have created a new Composite model for Defined Benefit Plans. It would have shifted pension plan risk totally from the employers to plan participants/ union members.

The Composite Plan concept is dangerous. It would:

- Eliminate Employer Withdrawal Liability. Employers could exit the Plan without paying their fair share.
- Composite Plans would not have to pay premiums to the the Pension Benefit Guaranty Corporation. No premiums means no benefits for participants if their plan fails.
- Composites would have to reach a projected funding level of 120% before benefits could be increased for participants. If less than 120%, benefits would be cut - not just future benefits, but past earned benefits as well. Under Composite, a retired member's benefits could be slashed.

The overriding question regarding Composites, is why? Composites do nothing for troubled plans, such as Central States Teamsters, Mine Workers and others. In fact, it excludes their participation. These plans need a solution to protect their participants. Composite is not it.

Composite is of no benefit to well-funded plans like ours. It would undermine the solid funding that we enjoy today.

Composite Legislation is no solution, it's a disaster. If ever put in place, it will exacerbate the problems in the multi-employer defined benefit universe.

A loud thank you to Teamster officers and officials for their leadership on this issue and a loud thank you, as well, to Teamster members and retirees who have attended meetings, signed petitions, and said in a loud voice, "No Composites". Over 40,000 and counting member/retirees have signed petitions in opposition to Composite.

We remain on alert. The Composite/GROW supporters are coming back in 2019. We will keep you advised and we will be ready.

**Communications:**  
**The Website ([wctpension.org](http://wctpension.org))**  
**Annual Funding Notice**  
**Personal Benefit Statements**

If you have not yet visited the Pension Trust's website ([wctpension.org](http://wctpension.org)), I would encourage you to do so, and to also bring it to the attention of staff and members. It is well done, (credit to the staff at Northwest Administrators) and it's the easiest and quickest way to get accurate information about the Trust. You can access numerous documents, including the Summary Plan Description, Agreement and Declaration of Trust, Actuarial Reports and the Form 5500. Plan forms are also available and can be printed, if need be.

The website has recently been redesigned and updated. It has a new color pallet, borrowed from the 2018 Summary Plan Booklet, and larger font for the print which makes it more reader friendly. One of the most significant additions is a Spanish language version of the 2018 Summary Plan Description.

Later this month, the website will add new interactive features for Plan members. There will be a new log in functionality that will allow members to:

- View Personal Benefit Statements for the three most recent years.
- Review personal information including name, address and spouse date of birth.

- View your beneficiary designation
- Opt in for electronic communications (go paperless)

The changes underscore the Trust's goal to be completely transparent for our participants, retirees, local unions and contributing employers.

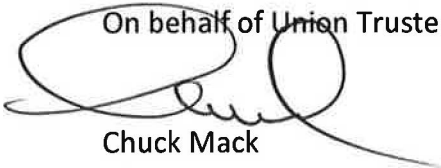
**The Annual Funding Notice (AFN)** was mailed in April to 650,000 + participants (actives, retirees, vested inactives, beneficiaries, local unions and employers). The notice, which is required by law, provides participants with important information on the Plan's funding level and financial health. The WCTPT funding percentage is projected to improve---reaching 92.7%, and up, from last year.

If a member/participant worked more than 250 hours in 2018, they will receive their **Personal Benefit Statement** by the end of May. The statement will provide each member/participant with important information on employer contributions, hours worked, and the benefits earned in 2018 and prior years.

The fact that the Western Conference of Teamsters Pension Trust is the largest Multi-Employer Defined Benefit Plan in the U.S. and, one of the strongest funded Plans, is because of you. Your support, loyalty and commitment during contract negotiations and beyond makes a difference. We are proud to have served our members, retirees and beneficiaries for 64 years and we look forward to the next 64.

Please share this letter with staff, representatives and members as you deem appropriate.

On behalf of Union Trustees,

A handwritten signature in black ink, appearing to read 'Chuck Mack', with a large, stylized flourish extending to the right.

Chuck Mack  
Chair WCTPT