



Western Conference of Teamsters Pension Trust

An Employer-Employee Jointly Administered Pension Plan – Founded 1955

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January 23, 2020

Dear Sisters and Brothers:

As we begin a new year and a new decade, I am pleased to announce the Western Conference of Teamsters Pension Plan Board of Trustees and professional staff have taken several steps that will make the Plan stronger and more secure in the years ahead, while at the same time providing Plan Participants with an increase in the accrual formula for work performed in 2020 and expanding opportunities for retirees to work additional hours without having their monthly benefit suspended.

These key initiatives are as follows:

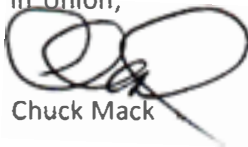
- 1) Effective for hours worked in 2020 the basic accrual rate used to calculate benefit levels will move from 1.2% to 1.5% for each contribution dollar, an increase of 25%. This is the first accrual increase in more than a decade and we hope it will be a pattern for further improvements in the years ahead. The Plan has largely recovered from the Great Recession and the Trustees appreciate the patience of Teamster members. Their loyalty has been a major factor in ensuring the funding stability of the Plan was strong and solid enough to support benefit improvements. That time is now at hand. One caveat- the accrual increase is applicable only to hours worked in 2020. Future increases will depend on market returns and continued strength in the Plan's funding metrics.
- 2) The Trustees have expanded the amount of work a retiree may perform without incurring a suspension of his or her monthly pension payment. Beginning in January 2020 the monthly hours of otherwise suspendible work has been increased for retirees under the age of 60. In the past, they could work less than 50 hours per month without a suspension. That has now increased to less than 60 hours per month. For a retiree aged 60 to 65, the hours limit remains at less than 85 hours in a calendar month. In addition to the change above, the new rules allow all retirees under age 65 to work as many hours of otherwise suspendible employment as they wish during any three calendar months in a calendar year. The three months need not be consecutive and are the choice of the retiree. It's important that retirees carefully monitor the number of hours and months that they work or for which they are paid. The rules are somewhat

complicated, if you have questions please check the Trust's website or call the Administrative Office in your geographical area. We're pleased with these changes to retiree work rules. They will allow retirees under age 65 greater choice and the opportunity to strengthen their financial security.

- 3) Finally, the Trust's Enrolled Actuary has advised that he will lower the Plan's annualized earning assumption on invested assets from 7.00% to 6.75% effective December 31, 2019. This acknowledges the generally accepted assumption that capital market returns will be lower in the years ahead and protects the Plan by setting this assumption at a more achievable level. By lowering this key assumption, the Plan has a better chance of meeting the earnings projections needed to pay for benefits accrued and mitigating the impact of any weaker future investment years. The Plan is moving closer to full funding each year and has just enjoyed an exceptional investment return for 2019 in conjunction with record contribution levels. In this current moment of strength, it is timely to take this prudent step to ensure future funding stability.

Taken together, these steps are a positive. On the one hand, they will strengthen Plan funding and stability and on the other, they will increase member retirement benefits in 2020 and provide greater choices for our retired members.

In Union,

A handwritten signature in black ink, appearing to read 'Chuck Mack', written over a faint rectangular box.

Chuck Mack