



# Western Conference of Teamsters Pension Trust

An Employer-Employee Jointly Administered Pension Plan - Founded 1955

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April 21, 2022

## 2021 Annual Pension Update

2021 was quite the year. The ups and downs, the negatives and positives made it challenging to say the least. The only thing predictable, especially in the first part of the year was - uncertainty.

We had thought and hoped that Covid would be a thing of the past. No such luck. The Delta variant kept the pandemic front and center. The effects on the economy were significant and financial markets, as well as our Plan, were down significantly in the first quarter.

The good news, as Delta waned in the latter part of the year markets came charging back (even though a more contagious but seemingly less deadly Omicron variant emerged in late 2021). It looked like 2020 all over again. By the end of the year, the economy had rebounded and our Trust along with financial markets had achieved substantial returns.

### Here are the 2021 Numbers

- Total Trusts Assets reached a record of 56 billion dollars
- Our annual investment return was 16.6%
- Benefits paid to Retirees and Beneficiaries exceeded 3 billion dollars for the first time ever
- Employer contributions were up almost 7% and totaled over 2.3 billion dollars
- Plan participants also up - increasing by 1600 with thirty new bargaining units joining the Plan. Total Plan participants including actives, retirees/beneficiaries and vested inactive, are around 630,000
- The projected funding percentage for 2022 is 98.1% actuarially and 108% using actual market value of assets
- As of December 31<sup>st</sup>, 2021, there is no Unfunded Vested Benefit Liability. The WCTPT is fully funded.

As we move into 2022, the Plan remains in the green zone. No surprise, based on the numbers. This is the strongest pension funding level as determined by the Pension Protection Act of 2006.

We continue to add member participants and bargaining units from outside the West. What was the 13 Western States has now morphed into the 29 Western States.

The increase in member benefits that Trustees approved last year will continue this year and through 2023. The benefit accrual increase will remain at 1.6% and that means a 33 1/3% benefit increase over the previous accrual (1.2%) this year and next year.

### Congress – Do No Harm

The House and Senate apparently heard our plea.

The 2020 proposals by Senators Grassley and Alexander which would have been devastating for Multi-Employer Defined Benefit Plans and which we helped defeat, never saw the light of day in the 2021 session.

Likewise, the GROW Act (Composite Plan Legislation) which we have successfully defeated over the last several years was not introduced or included in any other Bill in 2021.

Thank you to our Union Trustees, Joint Councils and Local Union leadership, Teamster Political Coordinators and rank and file members for your hard work. The phone calls, letters, and visits with Congressional staff and members made a difference. It literally carried the day and the year.

The one legislative positive for 2021 Pensions was the passage by Congress of the American Rescue Plan Act which included the Teamster sponsored Butch Lewis Act. The Bill was signed by President Biden and could well be the most significant pension legislation ever enacted. It provides economic assistance to Plans in a critical and declining state and facing insolvency. As we said in last year's update - good news for the 130 Plans in economic distress but even better news for hard working Teamsters, active and retired, beneficiaries and members of other unions who will receive the benefits they were promised.

### The Challenges Ahead

Financial Markets:

While we have done well, in fact, very well for the last several years, we still face challenges. As always market returns are front and center. We've had three good years; it begs the question how long will this continue?

The pandemic, inflation and the Russian war on Ukraine have exacerbated market volatility. Our hope is to follow the path of the last two years where the market was down in the first quarter but rebounded in the latter part of the year with extremely positive results.

As always, we watch the markets very closely and we make whatever changes in asset classes and managers are necessary to protect the fund and our members.

Congress...When, Where and Why:

Over the last decade we have succeeded in defeating legislation that would have been disastrous for our Plan, other Multi-Employer Defined Benefit Plans and our members, retirees, and beneficiaries.

The GROW Act is a perfect example, if enacted, it would ultimately have shifted all of the risk in Multi-Employer pension plans like ours from the employer to our members. Ask yourself this question, when you shift all of the risk in a Pension Plan from the employer to the workers is that good for the workers?

Even though we defeated GROW for over eight years that doesn't mean it's going away. We can expect it to be introduced at some point in the future. We need to be alert and ready with a very clear message NO ON GROW to Congress and the President.

Fully Funded...The Good News and Not So Good:

Our Plan is now essentially "fully funded", which means Plan assets, with expected future returns, are enough to pay every promised benefit. But our work is not done. With the contributions that you have bargained for members and our investment returns, we will soon exceed the current level of assets – 56 billion dollars, and these future contributions and returns will ensure the Trust grows and becomes even stronger.

On the other hand, the not so good news from Fully Funded means employers who leave the Trust by bargaining out, decertification or bankruptcy will have no withdrawal liability.

While most of our employers appreciate the Trust and what it does for their employees, we anticipate some will try to run for the exits. We've seen it before even when there was withdrawal liability. Expect employers seeking to terminate Plan participation to come to negotiations promoting 401(k)'s or offering cash payments if employees will leave the pension. WE CAN'T LET THEM GET AWAY WITH THIS. The message from Teamster negotiators at all levels must be very clear, NO PENSION - NO CONTRACT.

If an employer makes noise about wanting to leave the Trust, the Local's leadership/negotiators should immediately notify their Joint Council office and the Trust Administrative office in their geographical area. Locals out of the West can contact my office and I will connect you with the staff who can provide support.

Help and assistance is available. Northwest Administrators has created a team who can provide important factual information during bargaining and make sure the record is set straight. These facts will show quite clearly that our Plan is superior to any 401(k), and also how much cash bonuses paid instead of Pension contributions will cost our members in future benefits. The Western Conference of Teamsters Pension Trust provides lifetime benefits and real retirement security. Cash bonuses and a 401(k) can't compare.

The Western Conference of Teamsters Pension Trust was founded in 1955 when brewery industry employers in the Northwest reached agreement with Teamster locals that included the Pension. At the end of that year, there were a handful of employers, approximately 500 covered Teamster members and Plan assets of less than a million dollars. Today, 67 years later, there are 1400 plus employers. 630 thousand participants and assets of over 56 billion dollars. We are the largest and one of the best funded Multi-Employer Defined Benefit Plans in the Country. Who could have imagined annual employer contributions approaching two and a half billion dollars and benefit payments to members and beneficiaries of over three billion dollars a year? We're proud to have kept our promise that members/beneficiaries will receive lifetime benefits and we're proud that we have 269 member/beneficiaries that are over 100 years old and still drawing a monthly benefit. The Plan is strong because Teamster leadership, negotiators, and most of all our members are strong. They believe in the Plan and have been willing to stand up and fight for it over the years. With that kind of support, we've done well and will do even better in the future.

### Communications

**Website:** If you are looking for definitive information-- facts, figures, and forms about the Western Conference of Teamsters Pension Plan, I would encourage you to visit the Pension Trusts website: **wctpension.org**. It is member/participant friendly and allows members to access numerous documents and forms and there is a section on *frequently asked questions*. Also, register and opt-in through the website to "Go Paperless"!

**Annual Funding Notice (AFN):** will be mailed by the end of April to our 630,000 plus Plan members as well as over 14 hundred employers. The AFN is required by law and provides significant details on the Plan's financial strength.

**Personal Benefit Statements (PBS):** Will be mailed to every member/participant who has been credited with at least 250 hours of coverage under the Plan for calendar year 2021 and has a valid address. 230,000 PBS will be mailed in late May. The statement provides each member/participant with information on employer contributions on hours worked and benefits earned in 2021 and prior years and a beneficiary designation form in the event a member/participant has not designated a beneficiary or wishes to change a beneficiary.

Please share this letter with staff, representatives, and members.

Wishing you good health,

On behalf of the WCTPT Union Trustees,

In Union,



Chuck Mack  
Co-Chair WCTPT