



# **Western Conference of Teamsters Pension Trust**

**An Employer-Employee Jointly Administered Pension Plan - Founded 1955**

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## **Annual Pension Update for 2023**

Dear Sisters and Brothers,

From the time our Pension Plan was formed in 1955, we've had our share of unusual and unpredictable years. 2023 fits in that category. It was one of the Trust's most interesting and, in some ways, amazing years. On the one hand, it was filled with challenges and the unexpected, and, on the other hand, it provided, by year's end, a number of positive developments.

### **The Challenges**

- As the year began, the Trust was still experiencing a Covid hangover. Service to Plan members had not returned to pre-pandemic levels. Staff shortages, the impact of required remote work, along with the need for system updates, had taken a toll. Together, these created a backlog that was impacting member services.
- At mid-year, the Trust was notified by Prudential that one of their contractors, Pension Benefit Information (PBI), had suffered a security breach. One that allowed a third party to access personal information of our 240,000 retirees and beneficiaries. The good news, if a breach can ever be said to have a bright side, it did not include active members who had not retired.
- Shortly after the breach, we were advised that Yellow Freight had filed for bankruptcy. This news was not particularly shocking but finalized a tough outcome for thousands of Teamster members and added strain on our Trust. Even though Yellow had not been a contributing employer for over a decade, many Teamster members had earned benefits through their employment, and they were reaching out in droves to file benefit claims once their employment with Yellow formally ended.
- Finally, if those weren't enough, the Trust was dealing with the impact of negative investment market returns in 2022. Our portfolio was down 9.7% -- more than \$6 billion. Trust assets fell from \$57 billion to \$ 50.6 billion. Although our funding levels remained very strong, the concern for your Trustees centered on what a continued weak market might mean for member benefits and our funding going forward.

### **Solutions**

Over the course of 2023, each of these challenges was addressed, with positive outcomes!

- The Trust's administrator, Northwest Administrators (NWA), steadily amped up and refocused its operations to deal with the member services and the claims backlog. They

increased staff, bolstered retraining for current employees moving to new positions, and implemented, with Trustee approval, system upgrades. As we entered 2024, the backlog has been eliminated, and the Trust has achieved pre-pandemic service levels. (Please remember, though, that processing a retirement claim is a multi-month endeavor, so plan accordingly.)

- Credit NWA too, for anticipating the service impact of the Yellow Freight closure. Once it was announced, they started running the numbers for Yellow members who were vested and not yet retired. In most cases when members contacted the administrative offices with retirement questions, their work history and benefit numbers were immediately available. Special meetings were scheduled with Local Unions that had large Yellow populations. Aside from a few glitches, Yellow members' needs were taken care of without delays.
- The security breach was another matter. It should never have occurred. It exposed limited but important personal information about our retirees and/or their beneficiaries to unknown bad actors. Rick Porter, the Employer Co-Chair, and I sent a letter to all those impacted (240,000 retirees/beneficiaries) advising them of the security breach and steps that were available to ensure their identity and credit were protected. Working with Prudential, we succeeded in getting PBI to offer all those impacted two years of credit monitoring and identity restoration at no cost. Many of our retiree beneficiaries took advantage of the offer. To date, we are unaware that any of our retirees/beneficiaries have had their personal information compromised because of this unfortunate event.
- And here's more "GOOD NEWS." The financial losses that we experienced in 2022 were more than offset by market gains in 2023. Returns were up more than 12%, and total assets climbed to \$55.8 billion.

### **"Not just giving you more, but protecting what you have"**

With the increase in assets, and improved funding, it again meant there will be no unfunded vested benefit liability and no employer withdrawal liability in 2024. Plus, it was possible to use the funding gains to again improve benefits....and more!

1. The bonus accrual will now continue at 1.6% for the calendar years 2024 and 2025. For members this means benefits will increase by 33% for each of these two years over what they would have been without the Trustee action on the increase.
2. The Trustees also expanded the child survivor benefit in three important ways. These changes are effective for Plan member deaths on or after July 1, 2024:
  - The benefit will now include dependent children up to age 22. Currently the benefit is payable up to the age of 18.
  - For units whose contribution rate is \$1.00 or higher, the child survivor benefit will increase to \$2,000 per month. That's double the current maximum amount per family.
  - Units whose contribution rates range from \$0.10 to \$0.99 will now be eligible for \$1,000 per month child survivor benefits. The expansion of eligibility to our lowest

contribution rates means every Teamster family is now eligible for some level of this important benefit.

Our Trustees are especially pleased with the survivor child benefit increases. This is one of the few benefits that did not automatically increase when bonus accruals were granted in past years. This expansion is long overdue and will provide needed assistance to our most vulnerable members – the families of young, deceased Teamsters.

3. Finally, with more than \$55 billion in assets and a strong funding position, your Trustees took a strategic step to protect the Trust's finances for years to come. This involved the establishment of a dedicated bond portfolio. The Board approved moving \$31.9 billion dollars to purchase a diverse portfolio of very high-grade fixed income securities. These bonds are "cash matched" to what we owe retirees each year and will generate enough in coupons and maturity proceeds to pay retirement benefits for all plan participants and beneficiaries who retired prior to January 1, 2023. The dedication, the largest ever established by any pension program in the U.S., will ensure additional retirement security to our more than 240,000 retirees and beneficiaries through 2053. Whether the stock market and interest rates go up or down, the investments covering our obligations to our retirees are set aside and "matched" to our benefit promises. As was done with a previous dedication in the early 1980s, the Trust is retaining the assets and liabilities. The dedication is not a risk transfer to a third party. The Trust retains the responsibility to pay all benefits and will be overseeing the dedication to ensure it meets its purposes.

With these decisions, your Trustees have accomplished something that's amazing. We increased benefits for our active members and at the same time increased security for our retirees and their families by protecting their retirement from any future market fluctuations. It's been a historic year.

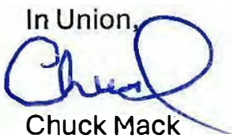
### **"Just The Facts"**

- Entering its 70<sup>th</sup> year, the WCTPT saw asset values increase on January 1, 2024, to \$55.8 billion.
- Employer contributions reached a new high of \$2.562 billion in 2023.
- Benefits paid, also a record, at \$3.314 billion for 2023.
- Over its history the Trust has paid more than one million separate benefit entitlements, never missing a promised benefit date or amount.
- Trust investments returned over 12% for 2023.
- There was no UVBL withdrawal liability in 2023, nor will there be in 2024.
- The PPA Funded Percentage for 2023 was certified at 99.2%.
- Active participants totaled 231,156 in 2023, the 11th consecutive year of YOY growth.
- The Trust added more than 2,500 new participants from new units in 2023; interest in the Plan on a national level has never been higher.
- Because of its strong funding and growth, the Plan was able to improve benefits for the years 2024 and 2025 by paying a 33% bonus accrual. Also, benefits paid for families who have lost a participant to death, and have minor children, were increased. In most cases the monthly payment was doubled to \$2,000 until the youngest child reaches age 22.
- The WCTPT now has bargaining units in 30 states, with interest in joining the Plan evident in over a dozen more.

- The Trust has 276 people to whom it is paying a pension over 100 years of age. (This IS retirement security).
- The Trust has 8,500 people to whom it is paying a pension between the ages of 90-99.
- The Trust has 1,375 separate employers, paying through 4,600 accounts, ranging in size from two to tens of thousands of employees. All can receive the same family of benefits.
- In five years of retirement, an average participant receives back in benefit dollars an amount equal to all contributions paid for his/her career.

A deserved “shoutout” to Northwest Administrators. They worked hard to help resolve the challenges our Plan faced in 2023. At the same time, they were able to meet their responsibilities with Plan communications. The Annual Funding Notice was sent to all participants in April 2023. Individual Personal Benefits Statements were sent to all working members in May. On top of that, they were able to complete our Plan’s Summary Plan Description Booklet (SPD). The SPD is required by law every five years. It’s a document that summarizes plan benefits, plan requirements, and plan rules and contains plan changes or amendments made over the previous five years. It was mailed to 692,000 active members, retirees, beneficiaries, local unions, joint councils, and employers.

A special thank you to our Teamster members, their families, our retirees, beneficiaries, officers, officials, and staff in our Local Unions, Joint Councils, and International Brotherhood of Teamsters for believing in our Plan. Your strong loyalty, support, and willingness to defend the Plan when necessary is the reason the Western Conference of Teamsters Pension Trust is the largest, strongest multi-employer defined benefit plan in the Country.

In Union,  


Chuck Mack  
 Co-Chairman/Secretary WCTPT

On behalf of our Union Trustees:

Joint Council 3  
 Spencer Hogue  
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