



Western Conference of Teamsters Pension Trust

An Employer-Employee Jointly Administered Pension Plan - Founded 1955

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Annual Update 2019

Sisters and Brothers:

First off, let me apologize, for a later than normal Annual Pension Update, but the last six months have been anything and everything but normal.

The COVID19 pandemic has wreaked havoc. On the health front, we have witnessed close to 2 million infections, and more than,100,000 deaths, and both numbers continue to increase.

The economic impact has been catastrophic as well. Business closures and unemployment levels rival those of the Great Depression.

For all of us, the psychological impact from this uncertainty is unprecedented. I hope you and your families – personal and Union – are well and have been able to avoid COVID. Stay well – follow the advice of health experts and social distance – who could have imagined social distance would be the most important and used words of 2020 – until a cure/vaccine is found.

Plan Numbers for 2019:

2019 was one of the best years in the history of the Western Conference of Teamsters Pension Trust:

- Investment returns for the year were up 17%.
- Total Trust Assets (market value) increased to 45.7 billion dollars. We remain the largest Multi-Employer Defined Benefit Plan (MEDBP) in the U.S.
- Employer Contributions for the first time exceeded 2 billion dollars.
- Active participants increased to over 221,000. This is the sixth straight year that we've seen an increase in member/participant numbers.
- Benefits paid to retirees and beneficiaries went up to 2.9 billion dollars for the year.

- The Plan's projected funding percentage for 2020 is 92.2%, down from 92.7% last year.
- The projected, Unfunded Vested Benefit Liability (UVBL) for 2020 is \$1.7 billion, up from the 2019 UVBL of \$1.3 billion.

The slight decrease in the projected funding percentage and the modest increase in UVBL are attributable to two changes made at the end of last year:

1. Trustees approved a member/participant benefit accrual increase going from 1.2% to 1.5% for calendar year 2020. This translates into a 25% increase in benefits earned for participants this year.
2. The Plan's expected average investment return for future years was reduced from 7% to 6.75%.

There is a cost for both of these changes, but because we had a strong and positive year, the impact was negligible.

The Trustees made another significant change. They 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 the age 65 greater choice and opportunity.

At the end of 2019, we remain a Green Zone Plan – which is the strongest funding level as determined by the Pension Protection Act of 2006. We continue as the largest MEDBP in the nation and we have members/ participants in 29 of the 50 States.

What About Now?

To a degree, 2019 seems like ancient history. The economic collapse, driven by the pandemic has more than anything put uncertainty front and center.

We will be negatively impacted as well as every other pension plan, 401K or savings vehicle. The question is to what extent? As of the end of May our investment returns were down 5%, that's less of a decline than we initially expected, but there's a long untraveled road to year's end. We're on high alert watching the numbers on both investment returns and Plan participants. We will make adjustments as needed.

Overall, the Trust remains in excellent condition. Record employer contributions were received in 2019 and, for the first four months of 2020, contributions are up even more, increasing at an 8% annual basis. The Trust's diverse base of 1,412 employers in 85 industries provides protection from company – specific and industry weakness. Some of our key sectors, such as grocery, retail, waste disposal, and package delivery, are weathering the economic recession well. Some of our other industries are being affected more negatively, but the Trust's 92.2% funding ratio provides a bulwark against possible future delinquencies.

Legislative Developments

As so often is the case, with Congress, we are dealing with the good – the bad – and the ugly.

The Good:

In mid-May, the House of Representatives passed the HEROES ACT. The Bill provides significant financial assistance to Federal Agencies, State and Local Governments, the unemployed, businesses and countless others impacted by COVID19. It also contains a solution to the insolvency problem facing Teamsters Central States and a number of other similarly situated plans, some Teamsters and some non-Teamsters.

We support the Legislation. It's a solution to the biggest and overall problem in the MEDBP universe and guarantees that hundreds of thousands of workers who have done the right thing will receive the retirement security they were promised.

But HEROES has to pass the Senate and the Republican Leadership has declared the Bill D.O.A.- Dead On Arrival. The Senate may pass another substantial COVID bill, if so, it will not be until sometime in July and it will most likely not include pensions.

Now the Bad:

Also included in HEROES, is Composite Legislation aka – The GROW Act. GROW has been front and center in Washington over the past few years. We have continuously opposed it and have been successful seeing it rejected time and again.

GROW is nothing more than a gift to employers. It shifts all of the pension risk, now shared, from employer to workers. It provides no help to financially troubled plans but on the other

hand undermines solid well-funded plans like ours. That's why we have helped form and joined an alliance of Unions and other organizations to oppose GROW. At this point here are the members of our alliance:

International Brotherhood of Teamsters

Director Guild of America

International Brotherhood of Boilermakers

International Longshore and Warehouse Union (ILWU)

International Association of Machinists

United Food and Commercial Workers

United Steel Workers

Painters Union

Service Employees International Union (SEIU)

Bakery and Confectioners Union

International Association of Theatrical and Stage Employees (IATSE)

International Brotherhood of Electrical Workers (IBEW)

Screen Actors Guild-American Federation of Television and Radio Artists (SAG-AFTRA)

AARP

Pension Rights Center

National Retirees Legislative Network

Musicians for Pension Security

National United Committee to Protect Pensions

These Unions represent 7.3 million workers; in fact the majority of workers in the trade union movement -- All Say NO TO GROW.

The Ugly – Why?

What possessed Speaker Nancy Pelosi to slip GROW into the HEROES Act at the eleventh hour? It does nothing for troubled plans, undermines well-funded plans and is opposed by a majority of the Union movement.

Who supports GROW? Employers - mostly contractors in the Building Trades and a few Building Trades Unions. Pelosi's role in this is disappointing and hard to understand. She's been a solid supporter of organized labor over the years but in this case, she's essentially saying, I hear you but I won't help you, or the millions of members/participants you represent in healthy plans. Her support for members in troubled plans is commendable but it doesn't justify her sponsoring legislation that will jeopardize the retirement security of 600,000 Teamsters in the WCTPT and millions of other Union Members in solidly funded plans.

Let me urge you to contact Speaker Pelosi and Senate Minority Leader Chuck Schumer with a strong message: Don't turn your back on over 7 million Union members, take GROW out of the HEROES ACT and bury it. Their contact information is provided at the end of this update.

A special shout-out to Joint Council Presidents, our Plan Trustees, Joint Council Political Coordinators and Local Union Political Coordinators for their leadership and hard work in building a No to GROW movement. A shout-out as well to our Business Agents, Executive Board Members, Staff and Rank and File Members who have worked continuously to ensure the message is heard loudly and clearly by Members of Congress.

Communications

Personal Benefits Statements were mailed to every member/ participant who had at least 250 hours of coverage under the Plan in 2019 and a valid address. They were mailed in late May to over 229,000 participants. The statement provides each member/participant with information on Employer contributions, on hours worked and benefits earned in 2019 and prior years.

The Plan's Annual Funding Notice (AFN) was mailed in April to over 640,000 participants (actives, retirees, vested inactives, beneficiaries, local unions and employers). The notice, which is required by law, provides participants with important information about the Plan's funding level and financial health.

If you have not yet done so, I would encourage you to visit the Pension Trust's **Website: wctpension.org**, it contains and provides a wealth of information and is designed to be Member/Participant friendly. You can access numerous documents and forms and there is a section on *frequently asked questions*.

On behalf of our Trustees, I want to thank all of you for your support, your loyalty and commitment to the Trust. That's the reason we are the largest Multi-Employer Defined Benefit Plan in the Country and have successfully served our members, retirees and beneficiaries for over 65 years.

Please share this letter with staff, representatives and members.

Be safe, stay well - Social Distance.

On Behalf of the WCTPT Union Trustees and In Union:



Chuck Mack
Chair WCTPT

Contact Information:

House of Representatives Speaker Nancy Pelosi:

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Senate Minority Leader Chuck Schumer:

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