

# New York State Teamsters Benefit Funds



# Mandatory Changes under Critical Status

After Notice of Critical Status mailed April 30, 2010:

- Law prohibits Lump Sum payments (except accrued benefits with present value less than or equal to \$5,000 under Section 6.08 of the Plan Document). The elimination of all Lump Sum payments under the Plan continues under the Rehabilitation Plan.

These benefits must now be paid in a monthly annuity

- Supplemental Social Security Benefit
- Qualified Pre-Retirement Survivor Annuity
- Ancillary Lump Sum Benefits (Death & Disability)

# Rehabilitation Plan

- The Rehabilitation Plan(s) approved by the Trustees will have an effective date of January 1, 2011.

## Schedules

- Default Schedule
- Alternative Schedule A
- Alternative Schedule B
- Alternative Schedule C
- Alternative Schedule D
- Alternative Schedule E

# Contribution Increases

- The following phrases regarding contribution rate increases are contained throughout the Rehabilitation Plan. They are defined as follows:
  - Non-Bearing: This means the contribution rate that is used to calculate benefits for each year into the future will be the contribution rate in effect in 2010. Increases in the contribution rate will not count for benefit accruals.
  - 1% Bearing: This means the contribution rate that is used to calculate benefits for each year into the future will be the contribution rate in effect in 2010 increased by 1% for each year beyond 2010.
  - Regardless, any increases above and beyond the rate increases required by the Schedules will be benefit bearing at the accrual percentage on the amount above minimum required .

# Rehabilitation Plan Default Schedule

- As part of a Rehabilitation Plan, the bargaining parties must be offered a Default Plan.
- A Default Plan consists of the contribution increases necessary to meet the requirements of a Rehabilitation Plan given the following changes:
  - Accrual Rate of 1% of contributions
  - Contribution rate increases are Non-Benefit Bearing
  - Cut all adjustable benefits
    - Unreduced Retirement at Age 65 only
    - Reductions for Early Retirement are Actuarially Equivalent
  - Cut all ancillary benefits
    - Non-QPSA death benefits
    - Disability benefits

# Default Schedule

Schedule	Accruals	Contribution Increase	Contribution Increases Benefit Bearing
<u>Default</u> Maximum Cuts	1.00%	5.00% for 5 Years 3.50% thereafter	1.00% accrual on amount above minimum required.

## Benefits

- Normal Pension – age 65 with 5 years
- Early Pension – any age with at least 15 years, actuarially reduced from age 65
- Qualified Pre-Retirement Survivor Annuity
- 1.0% Accrual Rate

## Contribution Increase Requirements

- 5.00% for 5 years
- 3.50% thereafter
- Required Increases are Non-Benefit Bearing
- 1.00% accrual on amount above minimum required

## Eliminated

- Ancillary Benefits (Disability, Non-QPSA Death Benefits)
- All Subsidized Early Retirement Benefits (Regular Pension, 30 Year Pension)
- Future Accruals under Supplemental Social Security Benefit

# Rehabilitation Plan Alternative Schedules

- Alternative Schedule A
- Alternative Schedule B
- Alternative Schedule C
- Alternative Schedule D
- Alternative Schedule E

# Alternative Schedules Transition Protection

## 30 Year Pension

- Previously 30 years at any age
- Each of the Alternative Schedules now attaches an Age Component to the 30 Year Pension:
  - Still retire after 30 years but reduced if prior to Schedules Age Component.
  - Transitional relief for those already with at least 25 years of service as of 1/1/2011



# Alternative Schedules Transition Protection

- Generally, reduction will be 6% per year from Schedules Age Component (Schedule A reductions are greater)
- However, participants with at least 25 years of service as of January 1, 2011 will have lesser reduction factors applied from the Schedules Age Component once they attain 30 years of service:
  - With 25 years of service at 1/1/2011: 5% per year from Age Component
  - With 26 years of service at 1/1/2011: 4% per year from Age Component
  - With 27 years of service at 1/1/2011: 3% per year from Age Component
  - With 28 years of service at 1/1/2011: 2% per year from Age Component
  - With 29 years of service at 1/1/2011: 1% per year from Age Component
  - With 30 years of service at 1/1/2011: 0% per year from Age Component

# Schedule A

Schedule	Accruals	Contribution Increase	Contribution Increases Benefit Bearing
Schedule A Age 65 & 5 w/ Transition	0.30%	5.00% for 6 Years 3.50% thereafter	0.30% accrual on amounts above minimum required

## Benefits

- Normal Pension – age 65 with 5 years
- Early Pension – any age with at least 15 years, actuarially reduced from age 65
- Transitional Protection for those with at least 25 years of service as of 1/1/2011
- Qualified Pre-Retirement Survivor Annuity
- 0.30% Accrual Rate

## Contribution Increase Requirements

- 5.00% for 6 years
- 3.50% thereafter
- Required Increases are Non-Benefit Bearing
- 0.30% accrual on amounts above minimum required

## Eliminated

- Ancillary Benefits (Disability, Non-QPSA Death Benefits)
- Subsidized Unreduced Regular Pension (age 60 w/ 15 years of service)
- Future Accruals under Supplemental Social Security Benefit

# Schedule A Transition Examples

- With 25 years of service at 1/1/2011: 5% per year from Age Component
- With 26 years of service at 1/1/2011: 4% per year from Age Component
- With 27 years of service at 1/1/2011: 3% per year from Age Component
- With 28 years of service at 1/1/2011: 2% per year from Age Component
- With 29 years of service at 1/1/2011: 1% per year from Age Component
- With 30 years of service at 1/1/2011: 0% per year from Age Component

## Examples

- 30 years of service as of January 1, 2011 – 0% reduction from age 65
- 29 years of service as of January 1, 2011:
  - Work 1 more year for 30 years of service – age 55
  - 1% reduction each year from 65 to 55 – 10% reduction
- 27 years of service as of January 1, 2011:
  - Work 3 more years for 30 years of service – age 55
  - 3% reduction each year from 65 to 55 – 30% reduction

# Schedule B

Schedule	Accruals	Contribution Increase	Contribution Increases Benefit Bearing
Schedule B 62&30 w/ Transition	0.50%	5.00% for 1 Year 6.50% for 5 Years 6.00% thereafter	0.50% accrual on amounts above minimum required.

## Benefits

- Normal Pension – age 65 with 5 years
- Early Pension – any age with at least 15 years, reduced 6% per year from age 65
- Unreduced 30 Year Pension with Age 62 Component.
- Transitional Protection for those with at least 25 years of service as of 1/1/2011
- Qualified Pre-Retirement Survivor Annuity
- 0.50% Accrual Rate

## Contribution Increase Requirements

- 5.00% for 1 year
- 6.50% for 5 years
- 6.00% thereafter
- Required Increases are Non-Benefit Bearing
- 0.50% accrual on amounts above minimum required.

## Eliminated

- Ancillary Benefits (Disability, Non-QPSA Death Benefits)
- Subsidized Unreduced Regular Pension (age 60 w/ 15 years of service)
- Future Accruals under Supplemental Social Security Benefit

# Schedule B Transition Examples

- With 25 years of service at 1/1/2011: 5% per year from Age Component
- With 26 years of service at 1/1/2011: 4% per year from Age Component
- With 27 years of service at 1/1/2011: 3% per year from Age Component
- With 28 years of service at 1/1/2011: 2% per year from Age Component
- With 29 years of service at 1/1/2011: 1% per year from Age Component
- With 30 years of service at 1/1/2011: 0% per year from Age Component

## Examples

- 30 years of service as of January 1, 2011 – 0% reduction from age 62
- 29 years of service as of January 1, 2011:
  - Work 1 more year for 30 years of service – age 55
  - 1% reduction each year from 62 to 55 – 7% reduction
- 27 years of service as of January 1, 2011:
  - Work 3 more years for 30 years of service – age 55
  - 3% reduction each year from 62 to 55 – 21% reduction

# Schedule C

Schedule	Accruals	Contribution Increase	Contribution Increases Benefit Bearing
Schedule C 60&30 w/ Transition	0.30%	5.00% for 1 Year 6.50% thereafter	0.30% accrual on amounts above minimum required.

## Benefits

- Normal Pension – age 65 with 5 years
- Early Pension – any age with at least 15 years, reduced 6% per year from age 65
- Unreduced 30 Year Pension with Age 60 Component.
- Transitional Protection for those with at least 25 years of service as of 1/1/2011
- Qualified Pre-Retirement Survivor Annuity
- 0.30% Accrual Rate

## Contribution Increase Requirements

- 5.00% for 1 year
- 6.50% thereafter
- Required Increases are Non-Benefit Bearing
- 0.30% accrual on amounts above minimum required.

## Eliminated

- Ancillary Benefits (Disability, Non-QPSA Death Benefits)
- Subsidized Unreduced Regular Pension (age 60 w/ 15 years of service)
- Future Accruals under Supplemental Social Security Benefit

# Schedule C Transition Examples

- With 25 years of service at 1/1/2011: 5% per year from Age Component
- With 26 years of service at 1/1/2011: 4% per year from Age Component
- With 27 years of service at 1/1/2011: 3% per year from Age Component
- With 28 years of service at 1/1/2011: 2% per year from Age Component
- With 29 years of service at 1/1/2011: 1% per year from Age Component
- With 30 years of service at 1/1/2011: 0% per year from Age Component

## Examples

- 30 years of service as of January 1, 2011 – 0% reduction from age 60
- 29 years of service as of January 1, 2011:
  - Work 1 more year for 30 years of service – age 55
  - 1% reduction each year from 60 to 55 – 5% reduction
- 27 years of service as of January 1, 2011:
  - Work 3 more years for 30 years of service – age 55
  - 3% reduction each year from 60 to 55 – 15% reduction

# Schedule D

Schedule	Accruals	Contribution Increase	Contribution Increases Benefit Bearing
Schedule D 57&30 w/ Transition	0.50%	5.00% for 1 Year 10.50% for 3 Years 6.50% thereafter	1.00% of the minimum required and then 0.50% accrual on amounts above minimum required.

## Benefits

- Normal Pension – age 65 with 5 years
- Early Pension – any age with at least 15 years, reduced 6% per year from age 65
- Unreduced 30 Year Pension with Age 57 Component.
- Transitional Protection for those with at least 25 years of service as of 1/1/2011
- Qualified Pre-Retirement Survivor Annuity
- 0.50% Accrual Rate

## Contribution Increase Requirements

- 5.00% for 1 year
- 10.50% for 3 years
- 6.50 % thereafter
- 1.00% of the minimum required
- 0.50% accrual on amounts above minimum required

## Eliminated

- Ancillary Benefits (Disability, Non-QPSA Death Benefits)
- Subsidized Unreduced Regular Pension (age 60 w/ 15 years of service)
- Future Accruals under Supplemental Social Security Benefit



# Schedule D Transition Examples

- With 25 years of service at 1/1/2011: 5% per year from Age Component
- With 26 years of service at 1/1/2011: 4% per year from Age Component
- With 27 years of service at 1/1/2011: 3% per year from Age Component
- With 28 years of service at 1/1/2011: 2% per year from Age Component
- With 29 years of service at 1/1/2011: 1% per year from Age Component
- With 30 years of service at 1/1/2011: 0% per year from Age Component

## Examples

- 30 years of service as of January 1, 2011 – 0% reduction from age 57
- 29 years of service as of January 1, 2011:
  - Work 1 more year for 30 years of service – age 55
  - 1% reduction each year from 57 to 55 – 2% reduction
- 27 years of service as of January 1, 2011:
  - Work 3 more years for 30 years of service – age 55
  - 3% reduction each year from 57 to 55 – 6% reduction

# Schedule E

Schedule	Accruals	Contribution Increase	Contribution Increases Benefit Bearing
Schedule E 55&30 w/ Transition	0.50%	5.00% for 1 Year 11.50% for 3 Years 6.50% thereafter	1.00% of the minimum required and then 0.50% accrual on amounts above minimum required.

## Benefits

- Normal Pension – age 65 with 5 years
- Early Pension – any age with at least 15 years, reduced 6% per year from age 65
- Unreduced 30 Year Pension with Age 55 Component.
- Transitional Protection for those with at least 25 years of service as of 1/1/2011
- Qualified Pre-Retirement Survivor Annuity
- 0.50% Accrual Rate

## Contribution Increase Requirements

- 5.00% for 1 year
- 11.50% for 3 years
- 6.50 % thereafter
- 1.00% of the minimum required
- 0.50% accrual on amounts above minimum required

## Eliminated

- Ancillary Benefits (Disability, Non-QPSA Death Benefits)
- Subsidized Unreduced Regular Pension (age 60 w/ 15 years of service)
- Future Accruals under Supplemental Social Security Benefit

# Schedule E Transition Examples

- With 25 years of service at 1/1/2011: 5% per year from Age Component
- With 26 years of service at 1/1/2011: 4% per year from Age Component
- With 27 years of service at 1/1/2011: 3% per year from Age Component
- With 28 years of service at 1/1/2011: 2% per year from Age Component
- With 29 years of service at 1/1/2011: 1% per year from Age Component
- With 30 years of service at 1/1/2011: 0% per year from Age Component

## Examples

- 30 years of service as of January 1, 2011 – 0% reduction from age 55
- 29 years of service as of January 1, 2011:
  - Work 1 more year for 30 years of service – age 55
  - 0% reduction as participant has 30 years and is age 55.
- 27 years of service as of January 1, 2011:
  - Work 3 more years for 30 years of service – age 55
  - 0% reduction as participant has 30 years and is age 55.

# Rehabilitation Plan Schedules

Design	Accruals	Disability	Contribution Increase	Contribution Increases Benefit Bearing
Maximum Cuts (Default)	1.00%	Cut	5.00% for 5 Years 3.50% thereafter	1.00% accrual on amount above minimum required.
Age 65 & 5 w/ Transition (Schedule A)	0.30%	Cut	5.00% for 6 Years 3.50% thereafter	0.30% accrual on amount above minimum required.
62&30 w/ Transition (Schedule B)	0.50%	Cut	5.00% for 1 Year 6.50% for 5 Years 6.00% thereafter	0.50% accrual on amount above minimum required.
60&30 w/ Transition (Schedule C)	0.30%	Cut	5.00% for 1 Year 6.50% thereafter	0.30% accrual on amount above minimum required.
57&30 w/ Transition (Schedule D)	0.50%	Cut	5.00% for 1 Year 10.50% for 3 Years 6.50% thereafter	1.00% of the minimum required and then 0.50% accrual on amount above minimum required.
55&30 w/ Transition (Schedule E)	0.50%	Cut	5.00% for 1 Year 11.50% for 3 Years 6.50% thereafter	1.00% of the minimum required and then 0.50% accrual on amount above minimum required.

# Schedule Hours Requirement

- As the Fund is a multi-employer plan with over 200 Contributing Employers, participants may work for numerous employers throughout their career, many with different Schedule elections.
- The participant will accrue benefits after 1/1/2011 according to the provisions of the Schedule in effect during their employment with that employer. For example:
  - 5 years under Default (1.0% accrual, reduced before age 65)
  - 5 years under Schedule E (.50%, 30 Year w/ Age 55 Component)
- Accrued Benefits as of December 31, 2010 will be payable based on the highest Schedule that has been satisfied.
- Those with less than 25 years of service as of January 1, 2011 will satisfy the Hours Requirement by receiving at least 5,000 Hours under a Schedule, counting no more than 1,000 hours in any Plan Year.
- Those with 25 or more years of service as of January 1, 2011 (“in-transition”) are exempt from the Hours Requirement to qualify for a Schedule.

**Questions?**