



PHILADELPHIA

Update

OFFICIAL PUBLICATION OF THE
TEAMSTERS PENSION FUND
OF PHILADELPHIA AND VICINITY

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SUMMER 2017

Special Update Edition for Pension Fund Participants

Fund Actuary Tells Trustees That the Pension Fund is Making Progress

Every year, in late April or early May, Fund participants are sent a federally-required notice called an "Annual Funding Notice." The content of that document is dictated by a federal law known as the "Pension Protection Act." The information contained in that notice generally relates to the beginning of the previous Plan Year (that is, some 16 months earlier). Also, oftentimes many participants can't understand or, at the very least are confused by the jargon that the Notice must contain.

Your Board of Trustees decided that it might be helpful to supplement that Notice by providing a straightforward explanation of the funded status of your plan and give you the most up-to-date information they have received from the Fund's Actuary.

In mid-May, the Trustees received a report from the Actuary of the Fund's status as of January 1, 2017. The highlights of that report are shared with you on page 3 of this Newsletter.

Trustees Name New Executive Director/Administrator . . .

It is with great pleasure and enthusiasm that the Trustees have announced the promotion of **Maria Scheeler** (formerly the Fund's Member Services Manager) to the position of **Executive Director/Administrator** of the Funds.

Maria began her employment with the Funds way back in the summer of 1985 as a clerk in the Pension Department. She worked her way up through the ranks to become the Assistant Manager of the Pension Department, then Pension Manager, then Manager of both Health & Welfare and Pension Member Services operations, and then Director of Fund Operations before her latest promotion. It goes without saying that Maria is well versed in every aspect of Fund operations.

In commenting on the news, Board Co-Chairman Bill Hamilton noted, "I can think of no one more qualified than Maria to take over running the Funds' day-to-day operations given her 33 years of experience with the Funds. We look forward to her continuing our Funds' mission in providing the highest level of benefits in the most efficient manner and at a reasonable and sustainable cost."

Congratulations Maria!



**A program endorsed by
Pennsylvania Conference of Teamsters**

A comfortable retirement requires careful planning....

After countless hours of hard work, you've earned a comfortable retirement. . .

Isn't it worth a few minutes to get some expert guidance on the right pension decision?

Decisions, decisions: One of the most important decisions you will make in your career is the selection of your pension option, yet many members wait until a few months (or less!) before retiring to consider which option best meets their and their family's needs. By delaying a review of their options, members often find themselves forced to accept the cost, in the form of significantly reduced retirement benefits, by choosing a survivorship option. It is not unusual to see a benefit reduction of \$500-\$600 per month to provide even partial survivor benefits to support the member's family in the event of the member's death. In some cases, we have seen monthly benefit reductions of nearly \$1000. *That's \$12,000 in just one year!*

Who needs a pension review? Anyone with a spouse or children and who wishes to ensure their survivors are provided a continuing benefit or lump sum from their pension.

Does the Pension Fund provide options? Yes, but it's often possible to provide for your survivors at a lower cost than provided through your pension fund's survivor options. In some cases, pension maximization strategies may include future income increases directly to you, while providing survivor benefits for your family.

When should you have a pension option review completed? While we are happy to help Fund members who are ready to retire, it is best to begin a pension option review two to five years before you plan to retire. This is especially important if you have existing insurance policies that haven't been reviewed in the last two years.

When you are in retirement, are your assets protected? Statistics show that over 70% of people who reach 65 will need long-term care sometime during their lifetime. Whether it's home care, adult day care, assisted living or nursing home care, these costs can be emotionally and financially devastating to you and your family. Government will not cover these costs until you literally bankrupt yourself. We can show you how to protect yourself and your family.

How do you schedule a pension option review and life insurance review? The Pennsylvania Conference of Teamsters has partnered with **Arbor Group** to provide pension option review and implementation for members. Representatives of **Arbor Group** average more than 30 years of experience in financial services and work together as a team to help you determine the pension option which best meets your and your family's needs after you retire from service. In addition, **Arbor Group** remains available to you throughout your retirement years to help you track and manage the retirement strategy you select. Please contact their office to schedule your complimentary, no-obligation pension option review.

**Robert Trotenberg
The Arbor Group
7150 North Park Drive, Suite 580
Pennsauken, NJ 08109
Call Toll Free 888-723-5513**

Hey . . .How's my Pension Fund doing?

Straight talk about the status of your Defined Benefit program

The short answer is, it's doing "ok" and holding its own!

No doubt you have read or heard that several Teamster Pension plans are in trouble and are in jeopardy of not being able to pay promised benefits. **Fortunately, the Teamsters Pension Trust Fund of Philadelphia and Vicinity isn't among them.**

Under a federal law, known as the Pension Protection Act ("PPA"), the funded status of pension plans is graded among 5 levels. They are:

- Your Plan =>*
- "Green" – adequately funded (80% or above with no indication of a potential funding deficiency within the next 7 plan years);
 - "Yellow" – endangered (less than 80% funded OR facing a potential funding deficiency within the next 7 years);
 - "Orange" – seriously endangered (less than 80% funded AND facing a potential funding deficiency within the next 7 years);
 - "Red" – critical (generally less than 65% funded AND projected to have a funding deficiency within the next 3-4 years)
 - "Purple" – critical and declining (critical and projected to be insolvent within the next 19 years).

Plans that are "yellow" or "orange" must adopt a "funding improvement plan" ("FIP") to become adequately funded within ten years of the start of such a FIP. While the FIP is in place, employers cannot reduce their contributory obligation to the plan (and generally must increase their contribution rate) and no benefit improvements may be made. However, and this is important . . . "yellow" or "orange" plans cannot reduce benefits already earned. "Critical" plans must adopt a rehabilitation plan to improve their funding, which may include reducing accrued benefits already earned. "Critical and declining" plans may, with government approval, even reduce pensions of retirees already in pay status.

Your plan is "Yellow" (endangered) and is currently about 72.4% funded. ***In other words, given the current funded status of your plan, your earned benefits cannot be reduced.*** In fact, the funding of your plan continues to improve. In May, our Actuary has provided reports to the Trustees indicating that, as of January 1, 2017:

- The Fund is making "scheduled progress" in its Funding Improvement Plan and is on schedule to emerge from the FIP in 2023 (even earlier if investment earnings continually exceed the 7.5% return assumption);
- The Fund is not projected to have a funding deficiency as long as it continues to meet its 7.5% return assumption; and
- The Fund is not projected to be insolvent.

Your Trustees carefully monitor investment performance on a monthly basis and funding status each and every year. This information is shared with you in the Annual Funding Notices sent to your homes each April.

Check Inside for a Special Update Report on Your Pension Fund

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Address Correction Requested