# The Philadelphia Update

Teamsters Health & Welfare & Pension Funds of Philadelphia & Vicinity

## Yearly Open Enrollment for the Health & Welfare Fund Begins November 1 and Ends December 5, 2014!

### It's Your Chance to Choose Between the HMO & PPO Coverage Options

Open Enrollment is your annual opportunity to review your medical plan choices. All changes will be effective January 1, 2015.

Take some time to review this Newsletter. We have included a Summary of Benefits & Coverage (SBC) for each medical program — one for the PPO and one for the HMO. Also visit www.teamsterfunds.com for Open Enrollment information and links to each medical plan's online provider directory.

If you are presently enrolled in the BlueCard PPO program and don't want to make any change to your present coverage, you don't have to do a thing. If you have PPO coverage now and don't do anything, as of January 1, 2015 you'll still enjoy coverage under the PPO program. If you have BlueCard PPO coverage and want to switch to the Aetna HMO coverage effective January 1, 2015, call 1-800-523-2846 to have an enrollment kit mailed to you. You must fill out the enrollment form, choose a Primary Care Physician, AND have the enrollment form returned to the Fund office before the open enrollment period ends on December 5th.

If you have Aetna HMO coverage now and want to keep that HMO coverage into next year, you don't have to do a thing. If you have HMO coverage now and don't do anything, as of January 1, 2015 you'll still enjoy coverage under the HMO program. If you have Aetna HMO coverage and want to switch to the Blue Cross PPO coverage effective January 1, 2015, call the Fund office at 1-800-523-2846 for a coverage change form (a copy is also available on the Fund's web site).

If you wish to change your coverage for the coming year, YOU MUST ACT NOW!!! DECEMBER 5 IS THE ABSOLUTE DEADLINE FOR RECEIPT OF YOUR CHANGE REQUEST!!!

## What's Staying the Same for Plan Year 2015?

*No change in the Plan of Benefits, except that Mutual of Omaha will insure the Fund's life insurance and accidental death and dismemberment benefit in 2015.

*Copayments, deductibles and coinsurance remain the same.

*Health plan offerings remain the same

*Total Care Network continues to administer the mental health and substance abuse benefit (regardless of whether you choose the PPO or HMO medical program)

*Dental and vision coverages will remain the same for both PPO and HMO participants

*PPO participants can avoid out-of-pocket costs by using LabCorp or Quest for their outpatient laboratory needs and the Health Care Solutions network for their diabetic supplies and out-patient radiology services needs.

*You can continue to save time and money, without sacrificing care, by visiting Urgent Care Centers, rather than hospital emergency rooms for non-life threatening care.

## Annual Notice Regarding Post-Mastectomy Reconstructive Surgery Benefits

As required by the Women's Health and Cancer Rights Act of 1998, the Health & Welfare Fund's Plan provides (as it always has) benefits for mastectomy-related services, including reconstruction and surgery to achieve symmetry between the breasts, prostheses, and complications resulting from a mastectomy (including lymphedemas). For more information, contact the Fund's Member Services Department at 1-800-523-2846.

# SUMMARY ANNUAL REPORT FOR THE TEAMSTERS HEALTH & WELFARE FUND OF PHILADELPHIA AND VICINITY

This is a summary of the annual report of the TEAMSTERS HEALTH & WELFARE FUND OF PHILADELPHIA & VICINITY, a health, dental, vision, temporary disability and death benefits plan (Employer Identification Number 23-1392600), for the plan year 01/01/2013 through 12/31/2013. The annual report has been filed with the Employee Benefits Security Administration, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

THE BOARD OF TRUSTEES OF TEAMSTERS HEALTH & WELFARE FUND OF PHILADELPHIA & VICINITY has committed itself to pay certain dental, prescription, vision, medical and disability claims incurred under the terms of the plan.

## Insurance Information

The plan has insurance contracts with AETNA LIFE INSURANCE COMPANY & AFFILIATES to pay certain Life insurance, Accidental Death & Dismemberment claims incurred under the terms of the plan. The total premiums paid for the plan year ending 12/31/2013 were $420,740. All other benefits are self-insured and paid directly from the Trust Fund.

## Basic Financial Statement

The value of plan assets, after subtracting liabilities of the plan, was $73,827,390 as of the end of plan year, compared to $64,521,351 as of the beginning of the plan year. During the plan year the plan experienced a change in its net assets of $9,306,039. This change includes unrealized appreciation and depreciation in the value of plan assets; that is, the difference between the value of the plan's assets at the end of the year and the value of the assets at the beginning of the year or the cost of assets acquired during the year. During the plan year, the plan had total income of $111,699,295 including employer contributions of $100,340,416 employee contributions of $1,787,108, and earnings from investments of $9,571,771. Plan expenses were $102,393,256. These expenses included $7,560,330 in administrative expenses, and $94,832,926 in benefits paid to participants and beneficiaries.

## Your Rights to Additional Information

You have the right to receive a copy of the full annual report, or any part thereof, on request. The items listed below are included in that report: 1. An accountant's report; 2. Financial information and information on payments to service providers; 3. Assets held for investment; 4. Transactions in excess of 5 percent of the plan assets; and 5. Insurance information, including sales commissions paid by insurance carriers. To obtain a copy of the full annual report, or any part thereof, write or call the office of WILLIAM J EINHORN, who is a representative of the plan administrator, at 6981 NORTH PARK DRIVE, SUITE 400, PENNSAUKEN, NJ 08109 and phone number, 856-382-2400. The charge to cover copying costs will be $5.00 for the full annual report, or $0.10 per page for any part thereof.

You also have the right to receive from the plan administrator, on request and at no charge, a statement of the assets and liabilities of the plan and accompanying notes, or a statement of income and expenses of the plan and accompanying notes, or both. If you request a copy of the full annual report from the plan administrator, these two statements and accompanying notes will be included as part of that report. The charge to cover copying costs given above does not include a charge for the copying of these portions of the report because these portions are furnished without charge.

You also have the legally protected right to examine the annual report at the main office of the plan: 6981 NORTH PARK DRIVE, SUITE 400, PENNSAUKEN, NJ 08109, and at the U.S. Department of Labor in Washington, D.C., or to obtain a copy from the U.S. Department of Labor upon payment of copying costs. Requests to the Department should be addressed to: Public Disclosure Room, Room N-1513, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210.

-William J. Einhorn, Administrator

# DO YOU KNOW THE VALUE OF YOUR HEALTH AND WELFARE FUND BENEFITS?

If you are a participant or beneficiary of the Teamsters Health & Welfare Fund of Philadelphia and Vicinity and you have used your health and welfare benefits in connection with a serious medical condition, you know that they are valuable and important. What you may not realize is how valuable they are and how much better they are than other health and welfare benefits currently offered to others. Ocassionally, some people complain that they would rather have the money that their employers contribute to the Health & Welfare Fund for their benefits as cash as opposed to benefits. Those folks do not understand that by having Health & Welfare Fund benefits they are saving themselves a lot of money, which has the net result of increasing the amount of money in their bank account.

All Americans are required by law to have employer-sponsored group health plans, or to purchase a health insurance policy online through the healthcare marketplaces (also known as the "the exchanges"). The Kaiser Family Foundation recently published its 2014 Employer Health Benefits Survey, which highlights the financial benefit the Health & Welfare Fund provides its participants as compared to other employer-provided health benefits. According to that survey, in 2014, the average annual premium for family health insurance coverage is $1,403 per month or $16,834 per year. Of that amount, employees pay on average 18% of the premium for single coverage or and 29% for family coverage (that is over $4,800 per year). The overwhelming majority of participants in our Health and Welfare Fund contribute $0 towards the monthly cost of their health benefits, regardless of whether they have family or single coverage (and nearly all participants have family coverage). That is a huge savings in and of itself.

In addition to not having to make a contribution towards the cost of providing eligibility for Health and Welfare Fund benefits, the cost sharing provisions of the Health & Welfare Fund are far more generous than most employer-provided health plans, or those plans available on the individual healthcare marketplace. In nearly every category measured by the Kaiser Family Foundation's survey, the benefits our Health & Welfare Fund participants enjoy require less out of pocket expense than the national average. For example, as the table at right demonstrates, the Fund's PPO family deductible for PPO participants is 77% less than the national average and HMO participants have no deductible as opposed to the national average of $2,328. Office visit copayments are also significantly lower than the national averages. PPO participants pay 37% less than the national average to see their primary care physician, while HMO participants pay 58% less than the national average to see their primary doctor.

## Amount of Annual Deductibles

| | Teamsters PPO | Teamsters HMO | Average PPO | Avgerage HMO |
|---|---|---|---|---|
| Single Coverage | $225 | $0 | $843 | $1,032 |
| Family Coverage | $450 | $0 | $1,947 | $2,328 |

## Primary Care and Specialist Office Visit Co-Payments

| | Teamsters PPO | Teamsters HMO | National Average |
|---|---|---|---|
| In Network Primary Physician | $15 | $10 | $24 |
| In Network Specialists | $25 | $20 | $36 |

## Prescription Drug Copayments

| | Generic | Preferred | Non-Preferred |
|---|---|---|---|
| Teamsters H & W Fund | $3 | $10 | $30 to $40 |
| National Average | $11 | $31 | $53 |

The Fund's prescription drug benefits are also considerably better than the national average. For a 30 day supply, generic medications are 73% cheaper, preferred medications are 68% cheaper, and non-preferred medications are as much as 43% cheaper than the national average. In addition, a 90-day supply of maintenance medications is available from the Health & Welfare Fund by mail for a single copayment, which makes them as much as 91% cheaper than the national average!

So the next time someone tells you that they would prefer a raise over continued health and welfare benefits from the Fund, make sure you remind them that your health & welfare benefits are a valuable portion of your compensation.

# THE TEN COMMANDMENTS OF FINANCIAL HEALTH

1. Take the time to learn . . .As Ben Franklin once said, "An investment in knowledge pays the best interest." Financial literacy (understanding credit, debt, saving, spending and having the ability to make informed and effective decisions about earning, managing and investing your money) is the key to your success!

2. Time is your best friend – Start saving early for your retirement! Reap the magic of compounding interest! Your Teamsters defined benefit plan and social security are only two of the three legs of the stool that will financially support your retirement.

3. Seek the help of trusted financial advisors – We can't know it all, but we can reach out and learn from those that do know much more about finance than we do!

4. Live within your means – Formulate a budget for now and for your retirement. Manage your earnings effectively.

5. Understand the concept of financial risk – a high investment return usually means an investment with more risk. High return, "sure thing," "slam dunk" investments are best filed in your financial waste can!

6. Diversification is a good thing! – Putting all of your eggs in one basket puts you in greater risk of losing everything.

7. "It's not how much you make, but what you get to keep that counts!" Keep your debt low and pay your bills on time. Credit card interest these days can run anywhere from 14% to 27%. Carrying credit card debt is no bargain!

8. Your investment return is driven by how you have allocated your investable assets – You'll earn far less by having everything in cash rather than allocating some to stocks, bonds, as well as to cash.

9. Plan, plan, then plan again – Life is full of ups and downs and change; your financial plans should change with them. What worked when you were 30, probably won't work when you're 65.

10. Better to invest in nothing rather than invest in something you don't understand!

Want to learn more? Check out these internet resources:

www.360financialliteracy.org – A fabulous web site sponsored by the American Institute of Certified Public Accountants.

www.mymoney.gov – The Federal Financial Literacy and Education Commission's comprehensive web site covering all areas of finance and financial literacy.

www.dol.gov/ebsa/publications/nearretirement.html - Published by the US Department of Labor's agency devoted to employee benefits.

## Ask the Administrator: Bill Answers Your Questions

Q1: What is with the focus on financial literacy?

A1: The Pension Fund provides valuable retirement benefits to you, our members, but it should not be your sole source of retirement income. Your personal savings is an important part of your retirement planning, as is social security. You should have an understanding of common financial principles to make informed decisions about your finances.

Q2: Are PPO Program participants required to use LabCorp for their outpatient lab tests?

A2: No, absolutely not! PPO program participants may continue to use LabCorp, Quest Diagnostics and other facilities for out patient lab work. Please remember, the Health & Welfare Fund has a special arrangement through Healthcare Solutions Corporation that allows PPO program participants to obtain lab tests at Quest Diagnostics or LabCorp with no out of pocket cost to the participant!

# THE DIFFERENCE BETWEEN A PENSION AND 401(k)

Many people do not know the difference between a pension plan and other types of retirement plans such as 401(k)'s and IRA accounts. The distinctions are important. Understanding the various types of retirement plans an individual has can have a significant impact on determining whether a person has enough money to retire with security and at a standard of living that they are comfortable with.

A pension plan, such as the Teamsters Pension Trust Fund of Philadelphia and Vicinity, is technically referred to as a "defined benefit" or "DB" plan. A DB plan offers exactly what its name implies, a defined retirement benefit payable for the life of the retiree upon retirement. Although the amount of a retirement benefit may vary between participants based on a variety factors that are set forth in a pension plan, the benefit that a individual participant receives is readily determinable at the time of retirement and will generally continue until that person's death.

Other common retirement plans, such as 401(k) plans are known as "defined contribution" or "DC" plans. There too, the name implies the distinction from a DB plan. In a 401(k) plan, the amount a participant and/or employer contributes is determined by a defined formula. For example, a person may elect to defer 5% of his or her salary to the 401(k) plan. The benefit the participant receives at retirement is not fixed. Instead, after reaching age 59½, a participant may elect to take all of the money out of his or her account or draw from it as needed, and the value of an account will vary based on the amount contributed and the investment choices the participant makes.

401(k) plans were not intended to be stand alone retirement plans. They were intended to be a savings vehicle for individuals to use to supplement a pension. Today, however, they have become very popular with employers because they reduce the employer's costs and shift much of the risk in managing your retirement from the employer to the employee.

Unfortunately, many people are not particularly good at saving for retirement or managing their assets after they retire. As a result, the average American retiring without a pension will burn through his or her retirement savings in as little as seven (7) years after retirement. On the other hand, a retiree with a pension, can rely on having a steady income stream throughout his or her retirement!

# GET YOUR FLU VACCINE

Don't let the flu catch you by surprise! Flu season in the United States can begin as early as October. Everyone six months and older should get an annual flu vaccine. It is the single best way to protect against the flu. The Health & Welfare Fund covers flu shots for participants (up to a $25 maximum). Get your flu shot as soon as possible!

# THE MIRACLE OF COMPOUND INTEREST: WHY INVESTING SOME OF YOUR SAVINGS MAKES SENSE

Compound interest can be good for you. It is not only associated with credit card debt, mortgage debt, and other bills we pay. Just as lenders may use compound interest on debt to earn a return on the money they lend us, any person can invest his or her money and earn compound interest on that investment. The positive (and negative) effects of compound interest can be pretty shocking if you do not think about them.

## What is Compound Interest?

Interest is the rate of return on an investment or a loan. For example, If Joe borrows $1,000 at 10% per year in interest and is required to pay it back in one year, he must pay the lender $1,100 ($1,000 in principal and $100 in interest). Compound interest on the other hand, applies interest to the interest already earned in the previous compounding period as well as to the principal amount invested or loaned. Thus, using the example above, if Joe borrowed $1,000 at 10% per year in interest, compounded monthly, and was required to pay it back in 1 year, he would owe $1,104.71 – $4.71 more than if the investment paid simple interest because interest accrued each month on the interest earned in the previous months.

## Why Should I Care?

Retirement is like a three-legged stool. It is made up of your pension, Social Security benefits, and personal savings. To be adequately supported in retirement, you need all three legs of the stool to be sound. Compound interest can have a significant impact on your savings.

Putting your debts aside for purposes of this article, your savings can be invested in a number of interest bearing accounts, including some checking accounts, savings accounts, certificates of deposit ("CDs"), and investment accounts. Typically, interest bearing checking and savings accounts will offer compound interest, but at very low rates. A prudently invested and allocated portfolio of stocks and bonds can often return higher rates of interest over longer periods of time. (You should contact a professional financial adviser to discuss how to open an investment account and how to allocate your investments).

Generally speaking, it is reasonable to assume that a well-managed portfolio could return anywhere from 5% to 7% per year over a long term period of 20 to 30 years, depending on a variety of factors, including your tolerance for risk. (Remember, a well-diversified portfolio can reduce, but not eliminate, the overall risk of your investments). Although a 5% to 7% annual return may not seem like much, it can translate into a lot of money.

Example 1: Bob wants to save $25 per week to invest at the end of each month. There are 4.33 weeks on average each month. That means Bob will deposit $108.25 (4.33 x $25 = $108.25) into his investment account at the end of each month. Interest will compound on his investments on a monthly basis. The following table illustrates how much money is in Bob's account after 20, years, 25 years, 30 years, at 5% per year, 6% per year, or 7% per year, assuming he makes continuous deposits into his account each month over the respective time periods.

| Years | 5% Return | 6% Return | 7% Return |
|---|---|---|---|
| 20 | $64,464 | $75,017 | $87,690 |
| 30 | $90,092 | $108,739 | $132,062 |
| 35 | $122,982 | $154,225 | $194,964 |

Example 2: Following the approach above, Bob decides to save $100 per week ($433 per month) and invest it. The following table illustrates how much money is in Bob's account after 20, years, 25 years, 30 years, at 5% per year, 6% per year, or 7% per year, assuming he makes continuous deposits into his account each month over the respective time periods.

| Years | 5% Return | 6% Return | 7% Return |
|---|---|---|---|
| 20 | $257,856 | $300,066 | $350,761 |
| 30 | $360,368 | $434,955 | $528,247 |
| 35 | $491,928 | $616,900 | $779,857 |

Example 3: Bob is afraid to invest his money anywhere other than in his bank` account, which earns no interest. This table illustrates how much money is left in his account after 25, 30, or 35 years if he saves $25, $50 or $100 per week.

| Years | $25/Week | $50/Week | $100/Week |
|---|---|---|---|
| 20 | $26,000 | $52,000 | $104,000 |
| 30 | $39,000 | $78,000 | $156,000 |
| 35 | $45,500 | $91,000 | $182,000 |

As you can see, the difference over time in the value of the Bob's savings is striking. Over 35 years, a $25 per week deposit at 6% interest could yield nearly $155,000 as opposed to $45,500.

## REMINDER: THE FUNDS' OFFICES ARE OPEN LATE ON WEDNESDAY!

If you need to come to the Funds' offices or call us, and you cannot do it during regular business hours, you have other options! The Funds' offices are open until 8:00 p.m. every Wednesday. No appointment is required to come in or call on a Wednesday night. The Funds' Member Services Department is available to work with you and answer your questions or concerns.

## THIS ISSUE'S BIG NUMBER:

# 18,113

THE TOTAL NUMBER OF PARTICIPANTS (MEMBERS + DEPENDENTS) ELIGIBLE FOR HEALTH & WELFARE FUND BENEFITS AS OF OCTOBER 1, 2014, A .5% INCREASE OVER THE PRECEDING YEAR

## HELPFUL ADVICE FROM OUR FRIENDS AT WELLS FARGO

Our friends at Wells Fargo provided the helpful article about managing your credit on the following page. That article and others will be posted on the Funds' website for your review. Wells Fargo and the Funds are committed to helping you improve your financial health as well as the financial health of the Funds.

WELLS FARGO

*Wells Fargo At Work*℠

# Managing your credit

## Managing your credit

Managing your credit can be a challenge. It may be tempting to make large purchases or take advantage of cash advances you can't really pay for. Keeping your debt at a reasonable level and making payments on time are two ways to build and maintain a strong credit history.

### Keep track of your spending

- Save your credit card receipts and know what you owe.
- Make sure your credit card statement is accurate. Review your monthly statement when it arrives, check for any possible discrepancies, and be sure to report them immediately.

### Do not reach or exceed your credit line

You can find your credit line (also known as a credit limit) and your available credit on your paper statement or online account.

- Your "available credit" is how much credit you have left on your account — your "credit line" minus your "outstanding balance."
- Keeping your revolving credit line low will allow you to have a cushion of available credit in your account in case of an emergency.

### Stick to a budget

A budget can help you keep your spending under control, decrease your debt, and build a strong credit history. Some good practices to follow are:

- Be careful of large impulse purchases.
- Use cash advances for emergencies only. Cash advances are one of the more costly ways to use credit since you will generally pay higher rates and fees for cash than for purchases.

### Pay what you owe

- Pay at least your "minimum payment due" each month and don't skip any payments.
- Paying more than your minimum payment each month will help reduce the interest you will pay.

### Pay on time

- Pay your bills on time. You can be charged additional fees if you pay late.
- In many cases, you can pay your bills online, by phone, or by mail. You can even set up automatic payments to ensure that payments are made on time.

### Get your finances under control

If you find you cannot make payments, there are steps you can take to get your finances under control.

- Create a payment plan that will get you back on track. This plan should include whom and how much to pay each month.
- Limit your credit card use.
- Contact creditors and discuss payment schedules that are within your budget. Creditors want to work with you to help you find a manageable payment option.

There is an abundance of resources offering suggestions, tips, and educational information on building and maintaining good credit. Here are just a few that may be helpful:

The Consumer Financial Protection Bureau — **consumerfinance.gov**

The Federal Trade Commission — **ftc.gov/bcp/menus/consumer/credit.htm**

The National Foundation for Credit Counseling (NFCC) — **nfcc.org**

*Smarter Credit*™ Center — **wellsfargo.com/smarter_credit**

Free Annual Credit Report — **annualcreditreport.com**

Savings and credit tips — **handsonbanking.org**

Together we'll go far

# DO NOT DISCARD!

# TEAMSTERS HEALTH & WELFARE & PENSION FUND NEWSLETTER &

# OPEN ENROLLMENT MATERIALS ENCLOSED

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