
FOR YOUR BENEFIT

THE NEWSLETTER OF THE LOCAL 295/851 EMPLOYER GROUP BENEFIT PLANS
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WORK CONTINUES ON PENSION FUND REHABILITATION PLAN

The Local 295/Local 851 Pension Fund sent out a funding notice last year reporting that Fund was in "critical status." It was also reported that critical is one of several categories established by new legislation known as the Pension Fund Equity Act. Critical means that there will be a funding deficiency three years from now and it is necessary to set up and carry out a rehabilitation plan. The rehabilitation plan would be carried out over a period of thirteen years.

Legislation mandates using more conservative assumptions... Because of the new legislation, the actuaries have to use assumptions that are much more conservative than the assumptions they would normally use in valuing the Plan. The mortality table and interest rates used in the calculation of the current liability are mandated by law. When the assumption impact is added together with falling markets, the Plan has been eroded to the critical status.

Working on a plan... The Pension Fund's Board of Trustees and advisors have been working on a rehabilitation plan. They are taking into account all of the subsequent events that could affect the rehabilitation plan. For example:

- Investment markets have continued their downward spirals, further eroding the Fund's asset base.
- DHL is ceasing all of its domestic operations and has laid off thousands of employees. The layoffs have drastically cut back new contributions to the Plan.
- There has been a tremendous surge of pension applications. The number of applications received in one month is almost as many as the Fund Office receives in a year.

Rehabilitation plan has not been finalized... The rehabilitation plan will, most likely, be complete by May of this year. It will be a long-term plan that will be implemented over a period of up to thirteen years.

Plan may include some benefit reductions... The benefit reductions, if any, can apply to the so-called adjustable benefits and they can only apply to participants and beneficiaries whose benefit

payments begin on or after October 26, 2008. Persons who were already on the pension benefit payment rolls will not be affected in any way by any benefit reductions. Examples of adjustable benefits are the Rule-of-70 Pension, the 25-Year Service Pension and the 15-Year/Age-50 Early Retirement Pension currently being provided by the Plan. It may be necessary to eliminate one or more of the adjustable benefits and it may also be necessary reduce the future service credit accrual rate.

Pension Fund not insolvent... The Local 295/Local 851 Employer Group Pension Fund currently has enough assets to continue paying all of its monthly benefit obligations for a number of future years. A pension fund is considered to be insolvent in a year only if it doesn't have enough assets to pay benefits for that year. ■

WELFARE FUND MAY HAVE TO MAKE SOME CHANGES

The sagging economy, layoffs, poor investment performance, a high number of claims, rising health care costs and a surge of pension applications are all taking their toll on the Local 295/Local 851 Employer Group Welfare Fund.

Historically, people have more health plan claims during employment slumps. Market declines have negatively affected the asset base of the Welfare Fund and layoffs have greatly reduced the amounts of new employer contributions, while the cost of health care has increased at a faster rate than the cost of living. Because of increased unemployment, many Plan participants are retiring at a younger age. Persons are going on the retirement rolls at a much faster pace and many of them will be eligible for no-cost retiree health plan coverage. Retirees usually have more claims than active-at-work employees and their cost per claim is higher as well. A high rate of unemployment also means more persons will be applying for COBRA continuation coverage. Persons who are covered by COBRA also have much higher health claim rates than persons who are active at work.

The benefit schedules and their costs are being reviewed. It may be necessary to reduce benefits to maintain the financial stability of the Fund. ■

2009 STIMULUS BILL CAN HELP TO PAY YOUR COBRA COSTS

A federal law known as the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) requires that most employers sponsoring group health plans offer employees and their families the opportunity to purchase, at their own expense, a temporary extension of health coverage (called COBRA Continuation Coverage).

Period of coverage is limited... COBRA allows you and your covered dependents to continue coverage under the Plan for a limited period of time (generally 18, 29, or 36 months) if you lose coverage when certain qualifying events occur, such as the termination of your employment or a reduction of your hours worked.

Dependents can choose coverage even if you don't... Your spouse and dependent children also have the independent right to choose COBRA coverage if health coverage under the Plan is lost and if you don't elect coverage for them or if you should die or become divorced.

Time limit to apply... The law requires that all elections of COBRA Continuation Coverage be made within 60 days of the qualifying event and the Plan can charge the full cost of the COBRA Continuation Coverage to the persons making the election. That cost is currently \$374.41 per month for an individual and \$943.84 per month for a family. These rates are adjusted annually. The next adjustment is scheduled for July 1, 2009.

2009 Stimulus Bill provides subsidy and allows second COBRA election period... The American Recovery and Reinvestment Act of 2009 (Stimulus Bill) was signed into law on February 17, 2009.

The subsidy... The Act provides that eligible individuals are entitled to have 65% of their COBRA premiums subsidized by the federal government for up to 9 months. The subsidy applies to periods of COBRA coverage beginning on or after March 1, 2009. This means that eligible individuals will pay just 35% of their COBRA premiums and the Welfare Fund will apply to the U.S. Government for the subsidy. Any eligible individuals who have already paid the full amount for March, 2009 or later will be entitled to a 65% credit or a refund. After the 9th month, eligible individuals will have to pay the full COBRA

premium and the subsidy does not extend the period of time that COBRA can be purchased.

To qualify for subsidy... Not all COBRA covered persons can get the subsidy. To qualify for subsidy:

- You must have lost (or are losing) your coverage under this Plan due to your (or your family member's) involuntary termination from employment (for other than gross misconduct) between September 1, 2008 and December 31, 2009; and
- You must be eligible (or become eligible) for COBRA Continuation Coverage at any time during the period beginning September 1, 2008 and ending December 31, 2009; and
- You must elect the COBRA Coverage.

Only involuntary termination from employment qualifies... You are not eligible for the subsidy for any qualifying event other than the involuntary termination of employment (for other than gross misconduct). In addition, you are not eligible for the subsidy if your employment was terminated prior to September 1, 2008, even if your coverage was not terminated until after September 1, 2008. You will no longer qualify for the subsidy if, after you elect COBRA coverage, you become eligible for other group health coverage or Medicare.

The second election period... The Act also provides for a special second 60-day election period for individuals who were involuntarily terminated from employment between September 1, 2008 and February 17, 2009 and who did not elect COBRA coverage when it was initially offered to them. The second election period will also apply to eligible individuals who initially elected the COBRA coverage and then let it terminate before the maximum coverage period was exhausted. The plan administrator will notify individuals of the availability of coverage and the requirements and will furnish the necessary forms to apply for COBRA coverage within the second election period. Individuals have 60 days after being notified of the special election period to apply for COBRA coverage.

Subsidy is not automatic... Individuals must claim the COBRA premium assistance through the Welfare Fund Office and a portion of the subsidy could be taxable to "high income individuals." Anyone who falsely claims the subsidy could be

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liable for a penalty of 110% of the subsidy.

More information... You can get more information about the subsidy and eligibility on the internet at this address: www.dol.gov.ebsa/COBRA.html, or this address: www.irs.gov/newsroom/article/O..id=204505,00.html. You can also get more information and a subsidy application by contacting the Fund Office. The Fund Office is located at Sixty Broad Street, 37th Floor, New York, New York 10004. The telephone number is (212) 308 4200. ■

REDUCED PRICES IN THE OPTICAL PLAN!

The Welfare Plan's optical providers offer savings to the patients who utilize the networks. For example, you can call the Fund Office and ask for an optical voucher and then go to any one of the networks for an eye examination and a pair of glasses or contact lenses each calendar year.

No balance due... If you get an eye examination and new glasses from a network provider, you will have no out-of-pocket expense if you select from the lenses and frames that are available through the voucher program.

Out of network? You'll have to pay... You may choose to get your examination and glasses from a non-participating provider. If you do, you will have to pay for the services and then file a claim with the Fund Office. You will, have to pay a balance to the non-participating provider since the Welfare Plan limits the amounts of payments for the services of non-participating providers.

For more information about the optical plan or if you want to get an optical plan voucher, contact the Fund Office at (212) 308 4200. ■

THINKING ABOUT RETIREMENT? MAYBE IT'S TIME FOR SOME PLANNING

Even if your targeted retirement date is one, two or several years from now it's not too soon to give some thought to how you will financially manage this major change in your life.

Add up all of your benefits . . . First, and foremost is the question of whether or not you can afford to retire. To figure that out you'll have to put together a list of pension benefits and other income you expect to receive when you retire and you'll have to review how much you'll be spending each year. If you're married, your spouse may also be entitled to pension benefits and Social Security benefits.

Check with your pension plans about the amounts and types of benefits available to you. Benefit choices are typically irrevocable so you should evaluate the choices carefully. Start this process early so that you have plenty of time to review your options and make your plans.

Social Security at age 62? Or at full retirement age?...

When your Social Security benefits start can make a big difference in the amount you receive. You may already be getting an annual statement from Social Security showing the benefit you can receive at age 62 and at your full retirement age. If you start at age 62, the benefit is reduced because you are younger than the full retirement age. Social Security has increased the full retirement age in two-month steps. The full retirement age for someone born in 1938 is 65 years and 2 months. If you were born in 1939 the full retirement age is 65 years and 4 months. The 2-month steps continue up to age 67 for persons who were born in 1950 and later.

Earnings exceeding certain limits can reduce early Social Security benefits. When you reach the full retirement age, there is no limitation on your earnings.

Examine all of your expenses . . . Take a look at your current expenses. Even if you don't feel the need for a budget, analyze how you spend your income. This analysis can help you identify ways to reduce spending so that you can more effectively manage on your retirement income. Looking back over an annual period will help you identify normal monthly expenses as well as periodic expenses such as insurance premiums, donations and gifts.

Where to get your information... Canceled checks, credit card receipts and tax returns can provide much of the needed information. Divide the expenses among fixed/essential (such as housing, insurance, taxes) variable/essential (such as food, medical care, utilities) and discretionary (such as entertainment, clothing, travel). Then, analyze the statement to figure out where you can cut back.

Make conscious spending decisions. Don't just assume you'll spend the same as last year. Unexpected costs are bound to come along. Don't try to be exact. All family members should have a reasonable personal allowance that can be spent without accounting for it. Your budget shouldn't be a dreaded exercise. Keep it short, simple and easy to implement. ■

DIRECT DEPOSIT PROVIDES SAFETY AND CONVENIENCE

According to the Federal Government's estimate, more than 4 million paychecks are lost or stolen each year. It's also estimated that 2,000 fraudulent checks are cashed each day in the United States. The Pension Fund Office has fifteen to twenty checks returned by the U S Postal Service every month. The envelopes are stamped "addressee unknown" or "moved, left no forwarding address." In most cases the checks have been returned to us incorrectly but unfortunately this causes a delay in the benefits being delivered.

Each month some of the checks do get lost in the mail. Then, we have to enter stop payment orders and re-issue checks. The benefit payments are delayed by 15 more days while we wait for the bank to confirm that the missing check has not cleared the checking account.

Direct deposit is a proven method of rapidly, accurately and securely depositing your monthly retirement benefits. Direct deposit is also known as electronic funds transfer. With this system, your monthly benefit payments are electronically transferred from the Pension Fund to your personal account. Using EFT is safe because it eliminates the possibility of mail delays, misdirected mail, or lost or stolen checks. There is no need to endorse your check and you do not have to go to the bank to make a deposit.

You do not have to wait for cleared funds because your benefit payment will be available to you on the first banking day of every month.

**LOCAL 295/LOCAL 851 IBT EMPLOYER
GROUP PENSION TRUST FUND AND
EMPLOYER GROUP WELFARE FUND
SIXTY BROAD STREET, 37TH FLOOR
NEW YORK, NEW YORK 10004**

Your account can be at any bank, savings and loan, credit union or investment firm, which is a member of the National Automated Clearing House Association (NACHA).

You can make an easy changeover to direct deposit. Call or write to the Pension Fund Office and ask for a direct deposit form. Complete your part of the form and take it to your depository for them to fill in the routing information and return the form to the Pension Fund Office.

After you file the direct deposit form with the Fund Office, you will receive one more check in the mail while we send a test file to your bank. After that, all of your payments will go into your account electronically.

If you later change banks or open a new account, you just have to tell us and we will send you a form to make the change.

To get a direct deposit form, you should call or write to the Pension Fund Office. The telephone number is (212) 308 4200. The Fund Office is located in the financial district in New York City. The address is Sixty Broad Street, 37th Floor, New York, New York 10004.

Before you call, consider whether or not you would like to have an amount of Federal Income Tax withheld from your pension payments. The Pension Fund provides this service at no cost. Each month, the amount you designate is withheld and deposited with the U S Treasury Department and the 1099R statement you receive at the end of the year will show the total withheld for that calendar year. Call now to get a withholding tax form. ■
