New York State Teamsters Benefit Funds Newsletter

News and information from your Trustees and Staff

SUMMER 2018

News and Information for All Pension Plan Participants

Pension and Retirement Fund Update

For the past two years, you were advised that the actuaries had certified the New York State Teamsters Conference Pension and Retirement Fund ("Pension Fund") as being in Critical and Declining Status and headed for insolvency. As of this time last year, the Pension Fund was projected to go insolvent by 2026.

To avoid insolvency, the Pension Fund's Board of Trustees ("Trustees") filed an application with the U.S. Treasury Department ("Treasury") to reduce benefits as allowed under the Multiemployer Pension Reform Act of 2014 ("MPRA"). Treasury approved the application on September 13, 2017 and MPRA benefit reductions took effect on October 1, 2017.

The Board of Trustees, which is made up of four representatives from Teamster Local Unions and four representatives from Contributing Employers, recognize and understand the hardship the benefit reductions have caused. The MPRA reductions, along with a strong market return in 2017 of 16.85% (net of fees), already have helped improve the funding position of the Plan from Critical and Declining Status to Critical Status for the 2018 Plan Year. In addition, the Plan no longer is projected to go insolvent.

Possible Legislative Relief

The Trustees continue to seek and support any legislation that could provide a solution that inflicts fewer hardships on the participants while ensuring the long term solvency of the Plan. The Pension Fund has someone directly involved with monitoring activities in Washington to insure we are positioned to participate in any possible legislation that would benefit the Plan.

Recently, Congress created a Joint Select Committee on Multiemployer Pension Plans to look for ways to improve the solvency of multiemployer plans. The Committee is comprised of Republicans and Democrats from both the House and Senate. The Committee is required to hold public hearings and vote on its findings and legislative recommendations no later than November 30, 2018. If the Committee can agree on recommendations, the recommendations will be sent to the House and Senate for their consideration. The Trustees will continue to monitor the Committee's activity closely in the coming months.

Year End Financial Update (December 2017)

Investable assets under management at the 2017 year end were $1,262,877,270 compared to $1,184,943,017 at year end 2016, representing a year-to-year increase of $77,934,253 (6.58%). The investment portfolio was diversified

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Pension and Retirement Fund Update

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across the following investment categories:

- **Total U.S. Equity – 14.86%**
- **Total Non-U.S. Equity – 24.89%**
- **Total Fixed Income – 18.93%**
- **Total Real Estate – 7.01%**
- **Total Infrastructure – 6.43%**
- **Total Private Equity – 18.38%**
- **Total Natural Resources – 9.12%**
- **Other – 0.38%**

The Pension Fund's total net assets increased by $240,880,344, with investment income of $194,958,205, contribution income of $128,558,442 and employer withdrawal liability income of $198,026,901.

Benefit payments for 2017 were $267,628,390 as compared to $281,543,943 in 2016, a reduction of $13,915,553. The portion of the reduction that was attributable directly to the MPRA suspensions that began in October 2017 was $13,481,559.

Participant Demographics

	2017	2018	Difference
Retirees & Beneficiaries	**15,915**	**15,865**	**(50)**
Inactive Vested Participants	**7,928**	**7,870**	**(58)**
Active Participants	**10,195**	**10,092**	**(103)**
Total Participants	**34,038**	**33,827**	**(211)**

Ratio of actives to inactives remained constant at .43

Looking Forward

It is important to remember that MPRA required suspensions that resulted in the projected solvency of the Plan, while imposing the least amount of reductions to its participants to accomplish that goal.

While the Trustees have taken the action necessary to avoid insolvency, participants should not expect to see dramatic increases in the funding percentage of the Pension Fund. The MPRA law prohibits reductions that would generate that result. Absent additional legislative relief, improvement will be recognized over a period of years.

Joint Select Committee – Multiemployer Pension Plans

America's pension system is cracking and teetering on insolvency. Congressional action is required to prevent the consequences of a national pension system collapse.

There is a national multiemployer pension crisis with more than 180 pension funds in critical and declining status quickly headed toward insolvency. These funds cover current and former employees and their beneficiaries of all industries including the Teamsters, Automotive Industry, Bricklayers & Allied Craftsmen, Carpenters, Ironworkers, Machinists, Mine Workers, Plaster & Cement Masons, Pressroom Unions, and Sheet Metal Workers.

As a result, the Bipartisan Budget Act of 2018 (P.L. 115-123) created a Joint Select Committee on Solvency of Multiemployer Pension Plans. The Committee is made up of 16 members from the House (8 members) and Senate (8 members). The Committee is charged with developing recommendations to improve the solvency of multiemployer pension plans and the Pension Benefit Guaranty Corporation ("PBGC").

Committee members are:

Republicans

- **Sen. Orrin Hatch (R-Ut.)** ***Co-Chair***
- **Sen. Rob Portman (R-Oh.)**
- **Sen. Lamar Alexander (R-Tenn.)**
- **Sen. Mike Crapo (R-Ida.)**
- **Rep. Virginia Foxx (R-N.C.)**
- **Rep. Phil Roe (R-Tenn.)**
- **Rep. Vern Buchanan (R-Fla.)**
- **Rep. David Schweikert (R-Ariz)**

Democrats

- **Sen. Sherrod Brown (D-Oh.)** ***Co-Chair***
- **Sen. Joe Manchin (D-W.V.)**
- **Sen. Heidi Heitkamp (D-N.D.)**
- **Sen. Tina Smith (D-Minn.)**
- **Rep. Bobby Scott (D-Va.)**
- **Rep. Richard Neal (D-Mass.)**
- **Rep. Debbie Dingell (D-Mich.)**
- **Rep. Donald Norcross (D-N.J)**

The Committee is required to make a report to Congress by the last week of November, 2018. If there is an agreement to take action, the Committee will draft and submit legislative language as part of that report. Any agreement to move forward will require at **least five Democrats and five Republicans**.

Hearings have been held in March, April, May, June and July of this year. During the July hearing, the Committee heard from employers, active participants and retirees on how a failure of the multiemployer pension plan system would harm them and their communities.

To view the hearings or read articles on the Committee's progress go to: **https://www.pensions.senate.gov/content/members** and click on Hearings or Newsroom

Trustees Recover Millions from Employer in Withdrawl Liability Dispute

One of the biggest challenges facing the Pension Fund is the difficulty in recovering legally obligated withdrawal liability from employers that withdraw from the Plan. Although most employers pay their withdrawal liability, some do not. The reasons for this vary but oftentimes employers do not have the financial ability to pay their withdrawal liability because they go out of business or file bankruptcy. Some employers will even engage in sophisticated transactions to try to avoid paying withdrawal liability. Non-payment of withdrawal liability undermines the financial integrity of the Pension Fund, increases the liabilities of remaining contributing employers and, most important, jeopardizes the benefits earned by you as a participant or beneficiary. As such, the Trustees have been very vigilant and diligent in their efforts to recover withdrawal liability.

In December 2013, one of the largest employers in the Pension Fund, C&S Wholesale Grocers, Inc. ("C&S"), attempted to "evade or avoid" its withdrawal liability obligation after it sold its warehousing division, Erie Logistics, LLC, to Tops Markets, Inc. ("Tops"). After an extensive review, the Trustees assessed a withdrawal liability against C&S because, among other reasons, the transaction jeopardized the financial integrity of the Plan due to Tops' poor financial condition. This resulted in four-and-a-half-years of contentious litigation with C&S and Tops during which Tops filed bankruptcy as predicted by the Trustees. The Trustees are pleased to announce that the Pension Fund is recovering $98 million from C&S and Tops as a result of that transaction as ordered by the Court. As the Trustee Co-Chairmen, John Bulgaro and Mike Scalzo declared, "[t]his is a significant victory for the Pension Fund and helps protect the financial integrity of the Plan for all participants and beneficiaries. Moreover, it sends a strong message to employers that the Trustees will leave no stone unturned in their efforts to collect withdrawal liability."

The Trustees will continue to be vigilant to assure that withdrawn employers live up to their financial obligations to the Pension Fund and you.

Health & Hospital Fund Financial Update

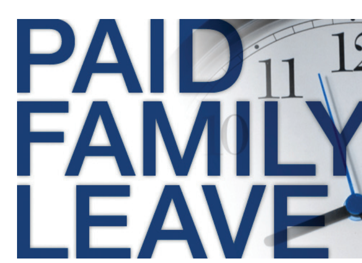
The auditors for the New York State Teamsters Council Health & Hospital Fund ("Health Fund") have finished auditing the Fund's 2017 financial performance. For the year, the Health Fund's assets increased by $70,684,046. The Health Fund had $430.4 million in assets at the end of 2017, and reserves of 27.35 months. This means the Health Fund is in sound financial condition.

The Health Fund's 2017 investment return (net of fees) was an impressive 13.369%. Investment income was $53,262,516. Employer contributions and other income was $195,635,809. The Health Fund had claims and administration expenses totaling $178,214,249. The year ended with assets under management at $461,053,022.

At their May 2018 meeting, the Board of Trustees ("Trustees") approved the Health Fund rates through 2021. The 2018 increase is 4.0%; the 2019 increase is 1.3% for all plans except the HRA; the 2020 increase is 1.7%, and the 2021 increase is 1.2% for all plans except the HRA. The HRA plan's medical and prescription drug coverage will increase 2.8% for 2019, 3.7% for 2020 and 4.2% for 2021. These rates are well below the national averages.

The Trustees continue to monitor the Health Fund's performance and maintain diligence in managing the necessary reserves for the Fund's future performance.

New York Paid Family Leave



Effective January 1, 2018, New York State Paid Family Leave ("PFL") insurance coverage will be provided by the Health Fund pursuant to an insurance policy with Union Labor Life Insurance Company ("Ullico").

Your PFL coverage under Ullico's policy is dependent on your employer's participation in the Health Fund's short term disability coverage and you meeting the applicable eligibility requirements under the policy.

PFL provides paid time away from work for the following reasons:

- To ***bond*** with a newly born, adopted, or fostered child.
- To ***care*** for an eligible family member with a serious health condition.
- To ***assist*** family members when someone is deployed abroad on active military service.

In general, full-time employees are eligible for coverage after 26

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New York State Teamsters Benefit Funds
P.O. Box 4928
Syracuse, NY 13221-4928

FORWARD SERVICE REQUESTED

DO YOU HAVE QUESTIONS

Contact the Fund Office or the Benefit Provider directly using one of the numbers below:

NYS Teamsters
Benefit Funds 315-455-9790
TOLL FREE 1-877-698-3863

Excellus BlueCross BlueShield
Claims 1-877-650-5840
Inpatient Admissions
Pre-Cert 1-800-926-2357

Participating Providers 1-800-920-8889

Express Scripts 1-800-939-2108

Lifetime Benefit Solutions
(Dental) 1-800-803-5773

Davis Vision
(Vision Benefits) 1-800-783-6872

Legal Benefit Plan 1-888-697-8527

Ullico
(Disability)..... 1-888-855-4261, ext. 3040

HAVE YOU MOVED RECENTLY? Remember that if you change your address, you need to contact the Fund office to keep your records current.

The Funds send out important updates on your benefits throughout the year. An incorrect address could delay your receipt of this important information.

If you have changed your address, please contact Member Services at (877)698-3863 or visit the website at **www.nytfund.org**.

New York State Family Leave

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weeks of consecutive employment and part-time employees are eligible after 175 days worked within a consecutive 52 week period.

Subject to the terms of the insurance policy and New York State law, the benefit amounts are as follows:

NEW YORK STATE PAID FAMILY LEAVE BENEFITS

EFFECTIVE DATE	BENEFIT AMOUNT	DURATION OF BENEFITS
January 1, 2018	50% of the employee's average weekly wage not to exceed 50% of the state average weekly wage (current = $1,305.92) or $652.96	Up to 8 Weeks
January 1, 2019	55% of the employee's average weekly wage not to exceed 55% of the state average weekly wage	Up to 10 Weeks
January 1, 2020	60% of the employee's average weekly wage not to exceed 60% of the state average weekly wage	Up to 10 Weeks
January 1, 2021	67% of the employee's average weekly wage not to exceed 67% of the state average weekly wage	Up to 12 Weeks

To file a claim for PFL benefits, you must contact Ullico at: The Union Labor Life Insurance Company Claim Service Center, P.O. Box 49, Bloomfield, CT 06002
Toll Free (888) -855-4261 Fax: (860)-769-6986
Monday through Friday, 8:00 am to 4:00 pm, Eastern Standard Time

New York State Teamsters Benefit Funds

(315) 455-9790
Toll Free (877) 698-3863

FAX NUMBERS
Administration: (315) 455-1237
Finance Dept: (315) 455-9834
Health Dept: (315) 234-1046
Pension Dept: (315) 234-1047
E-MAIL: benefits@nytfund.org