May 12, 2017

New York State Teamsters Conference Pension & Retirement Fund Update

Below is an update on the refiling of the Pension Preservation Plan (PPP) application with Treasury under the Multiemployer Pension Reform Act ("MPRA").

- Since the withdrawal of the original application on April 5th, the Fund has had a number of meetings and calls with the Treasury Department. The Retiree Representative, Tom Baum and/or his attorneys and actuaries have been involved in these discussions.

- One of the most significant issues identified by the Treasury Department with the Fund's original application concerned the Fund's investment return assumption, and specifically the Trustees' justification for using a more-conservative investment return projection. Based on discussions with Treasury, the resubmitted application contains investment return assumptions that are higher than in the original application.

- Using these higher investment return assumptions as well as factoring in the Fund's very positive investment return from 2016 (9.6%) and first quarter of 2017 (5.4%), the proposed benefit reduction percentages were able to be lowered.

- The proposed benefit reduction in the resubmitted application will be:

Non-Actives	**29%**
Actives	**18%**

  The proposed suspension percentages in the original application were 31% for Non-Actives and 20% for Actives.

- The resubmitted application will have an **October 1,** 2017 effective date for the benefit reductions.

- In order to be considered an Active Participant you must meet both of two criteria: (1) you have not retired and not entered pay status as of **September 30, 2017; and** (2) you have at least 500 hours of employer contributions paid to the Fund on your behalf in 2015, 2016 or 2017 (by October 1, 2017).

- MPRA mandates the following protections:
  - Two (2) classes are fully protected from the proposed suspensions:
    (1) Those **over the age of 80 as of October 31, 2017** and
    (2) Those who retired under a **Disability Pension** from the Fund.
  - Partial age protection is provided for those between the age of 75 and 79 as of October 31, 2017.
  - No participant can have his or her benefit reduced below 110% of the amount that the PBGC would guarantee if the Fund were to become insolvent.

- The new application was filed with a weighted average investment return calculated per year:

Year	**Return**	**Year**	**Return**
2017	7.37%	2022	7.06%
2018	7.34%	2023	6.97%
2019	7.28%	2024	6.90%
2020	7.21%	2025	6.85%
2021	7.14%	2026	6.82%

The long term rates for Year 2027 through Year 2049 were calculated and range from a high of 7.77% to a low of 7.66%.

The initial application assumed an investment returns as follows:

- 6.75% for the first ten (10) years
- 7.5% for the years thereafter.

- The new application will be filed on Monday, **May 15, 2017.**
- Treasury Department has 48 hours to notify the Fund that the application has been received and is not missing any required components. That will be on **Wednesday, May 17, 2017**.
- Individualized participant notices will be sent out **Friday, May 19, 2017.**
- The Treasury Department is required to provide a forty-five (45) day comment period.
- The Treasury Department will review the application on an expedited basis. Although no specific date has been set, the Treasury Department will make a decision in time to implement the proposed reductions by October 1, 2017.

- If the application is approved by the Treasury Department, there will then be a thirty (30) day voting period. The dates for voting will be determined by the Treasury Department.
- The Treasury Department will control the mailing and counting of the voting ballots.
- The Treasury Department has not indicated if the Fund will be considered systemically important.
- Through this review process it is imperative to keep your address current with the Fund Office.