



## Memo

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Date: May 26, 2017  
Board of Trustees - New York State Teamsters Conference Pension and  
To: Retirement Fund  
From: Jim Locey, Breck Sherwood, and Kevin Culp  
Subject: **The IBT's Pension Rehabilitation Legislative Proposal**

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As requested, this memo summarizes our analysis regarding the effect of the IBT's Pension Rehabilitation Corporation ("PRC") legislative proposal on the New York State Teamsters Conference Pension and Retirement Fund ("Plan" or "Fund").

### Summary:

Based on our understanding of the IBT's PRC legislative proposal, we have determined that the proposed provisions **do not** result in the long-term solvency of the Fund. We note that the proposed provisions do result in the Fund's short-term solvency, but we project that the Fund would not have enough assets to repay the loan at its maturity.

### Assumptions and Methods:

The conclusion above is based on the following assumptions and methods:

- Loan Amount: Equal to the amount necessary to immunize all pension amounts currently being paid
- Loan Interest Rate: 3.00% per year
- Loan Period: 30 years
- Loan Payments: Interest only for 29 years and interest and principal in the 30<sup>th</sup> year
- Investment Returns for Non-Immunized Assets: Equal to the assumed investment return in the most recent application for benefit suspensions
- Contribution Increases: Four years of 3.5% increases (contribution increases are limited under the IBT's PRC legislative proposal)
- Benefit Suspensions: None

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