

YOUR PAMCAH-UA LOCAL 675 PENSION:

Building Secure Income for Your Retirement



Your PAMCAH-UA Local 675 Pension Fund's Board of Trustees is deeply committed to helping members build financial security for retirement. The pension plan faces a few critical challenges, and the Trustees will take action to make the plan stronger and secure for years to come.

 Check out the Pension Plan Basics video to learn more about your pension benefit and how it's funded.

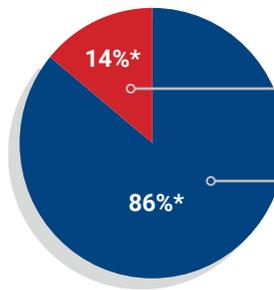
www.pamcah-ualocal675-pension.com

REFRESHER:

How the Pension Plan Works

As a member, you earn a lifetime pension benefit. Its value is based on the "Benefit Unit Dollar Value" in effect during each year you work.

The pension plan gets money to pay members' benefits from employer contributions and plan investment returns.



Employer contributions

make up a small part of the money available to pay benefits—for example, \$9.7M in 2018

Plan investment returns

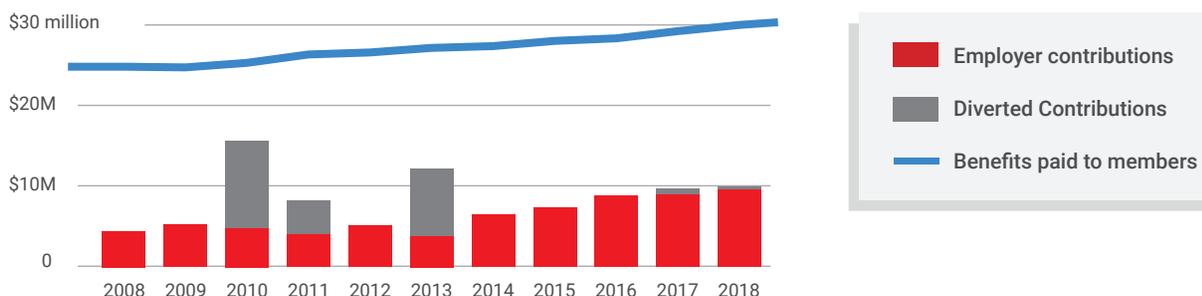
make up most of the money available to pay benefits—for example, \$39M in 2018

*Average from 2010 - 2018

PLAN INCOME AND EXPENSES:

Employer Contributions and Benefits Paid

The value of pension benefits earned and paid to members at retirement continues to rise and far exceed employer contributions on your behalf. This leaves the plan highly reliant on investment returns to fill the gap. In certain years—with employers' and members' approval—the plan has also diverted money from union dues, training, and health care to help fund pension benefits.



THE THREE ZONES:

Our Pension Plan's Financial Status

The U.S. federal government sets many of our pension plan's rules. It also measures our plan's funding status, looking at the ratio of assets (income and money in the bank) to liabilities (the benefits we must pay to members now and in the future). There are three funding "zones", and keeping our fund in the "green" over the long-term is very important.

Our plan will continue to be in the "green" for the 2019-2020 plan year.



GREEN ZONE:

Plan funding is looking good.



YELLOW ZONE:

The plan is considered "endangered." We must implement an action plan to improve funding.



RED ZONE:

The plan is considered in "critical" danger. The government requires significant changes or reductions to improve funding.

A DEEPER DIVE:

Critical Challenges Facing our Pension Plan

While our plan's funding is in the green, the Trustees must address a few critical challenges to keep it there.



We must make appropriate trade-offs to maintain higher Benefit Unit Dollar Values.

\$48

Our plan is designed to support a \$48 Benefit Unit Dollar Value. It's what the plan can comfortably afford over time.

\$100

Historically, the Benefit Unit Dollar Value has been much higher than \$48. (It's currently \$100.)

Higher Benefit Unit Dollar Values provide members with richer benefits, but they spike the plan's benefit expense higher and may become difficult to pay over time.

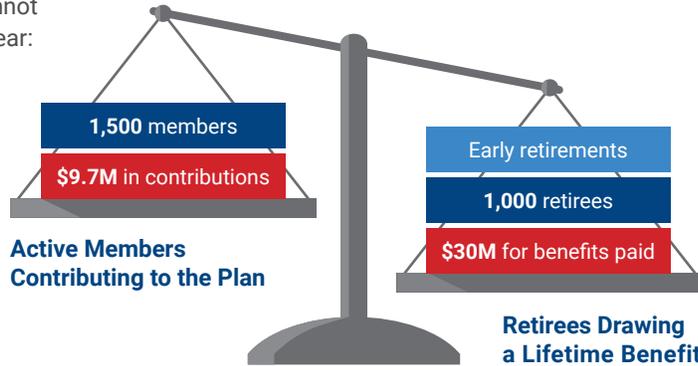
TAKING ACTION

Making changes to benefits are one way to free up money for paying richer pension benefits at retirement.



We must plan for longer life expectancies and changes in member behavior to make sure the pension plan's income keeps pace with benefits earned and paid.

Here's what happened in 2018, which we cannot sustain year-over-year:



TAKING ACTION

We may reduce early retirement benefits further and change the surviving spouse benefit to slow the growth of our benefit expense.



Relying on investment returns to fund benefits is a big risk we must closely manage.

The pension plan needs to earn investment returns of at least 7.5% every year just to sustain a \$48 Benefit Unit Dollar Value.

We lost about **\$80,000,000** during the Great Recession (2008 to 2009).

We climbed back as the economy bounced back, but plan investment income fell by about **\$65,000,000** from 2013 through 2018.

TAKING ACTION

We actively monitor the plan's investment performance, and we may request plan changes and allocations from employers to help improve our plan funding.



WHAT'S NEXT

The Trustees are working to approve changes that will protect the pension plan's long-term health. You'll receive more information in the coming weeks. In the meantime, go to www.pamcah-ualocal675-pension.com for details, including information videos and a presentation you can watch from your smart phone.