

# Executive Summary



*A PUBLICATION FOR EMPLOYERS PARTICIPATING IN THE IUE-CWA PENSION FUND AND THE IUE-CWA 401(k) RETIREMENT SAVINGS AND SECURITY PLAN.*

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## Board of Trustees reduced to two Union, two Management

In their meeting on June 9, 2009, the Board of Trustees of the IUE-CWA Pension Fund adopted a change reducing the size of the Board from six to four Trustees. This is a change to the Trust Agreement, which was originally set with four Trustees when the Fund was started in 1958.

Recently, two Trustees - one Union and one Management - retired from their posts on the Board, leaving vacancies. Roger Deel, a Regional Director of the IUE-CWA, and John Barmack, formerly with Marland Mold, moved on from their duties at the Pension Fund. In keeping with reducing costs and the reducing size of the Fund, the remaining Board members voted unanimously to cut the Board seat from six to four - always in equal numbers of Union and Management representatives as required by law.

Although the Board seats are unpaid volunteer seats, there are costs to the Fund associated with the Trustees, including travel to and from Board meetings, education to keep up with laws and regulations regarding the administration of pension funds to make informed decisions, etc. The more seats on the Board, the higher the annual costs.

The remaining Board members are Jim Clark, President of the IUE-CWA Division and Chairman of the Board of Trustees, Doug Williams, Staff Representative for the IUE-CWA, Larry Cody, President of Wendell's Inc and Secretary of the Board of Trustees, and Mary Shofner, Human Resource Manager for Pauwels Transformer Inc. All have many years of service on the Board of Trustees, the Union, and as Participating Employers.

## 401(k) Plan changes and transitions complete

In March, the transition of the recordkeeping for the 401(k) Plan was completed from our old software into Prudential Retirement's system. This transition had many complicated steps in moving participant and employer data, coordinating new forms, enrollment kits, etc. As Participating Employers know, this also included new steps for sending the participant information through their system properly.

The Plan Office would like to thank all those Participating Employers who worked hard to help us with this transition period. We appreciate the efforts taken to move toward new remittance worksheets, emailing these worksheets, and creating a better 401(k) Plan for the Participants.

You also received letters with information about new and improved Enrollment materials. Any Participat-

ing Employer needing Enrollment Kits, Change Forms, or any other forms or information for the Plan can send an email to Carey Wooton at [carey@iuepension.org](mailto:carey@iuepension.org). Participants may also find all the forms they need on our website at [www.iuepension.org](http://www.iuepension.org). They can log into their accounts and/or they can get forms, updated performance information and more.

In the coming months, there will be newly printed Summary Plan Descriptions, as they are updated to incorporate some updates to the Plan Documents, etc. When the time comes, we will be sending notices and new SPDs to Participating Employers and Participants. As always, any questions you or your Participants have, we are here to help at 973-893-0333. Also, Prudential Representatives are also available for help with the Plan at 877-778-2100.

# IUE-CWA Pension Fund changes to benefits and contribution rates

As you know, significant changes to the Pension Fund are in place and will be coming up as you prepare for your next collective bargaining (if you have not already done so). These changes are not optional and cannot be avoided by simply continuing an existing collective bargaining agreement.

## How did we get here?

The long term future health of the IUE-CWA Pension Fund has been significantly impaired by a combination of factors including plant closings, layoffs, bankruptcies, and a general decline in manufacturing jobs all contributing to the loss active participation in the Fund. Additionally disappointing investment results in the capital markets through out this decade, as well as regulatory challenges have contributed to the Funding status of the Fund. As a result benefit changes will significantly lower the way future benefits are earned under the Plan.

The Fund's Board of Trustees did not come to this decision lightly. The reductions in future benefit accruals and mandatory increases in contributions by participating employers are intended to improve the long term financial health of the Fund for the benefit of all participants and their beneficiaries. The decision to adopt these plan amendments was made only after careful consideration and consultation with Fund advisors, professionals and staff.

The IUE-CWA Pension Fund actuary notified the Fund Trustees that the Fund would have been in endangered status for the plan year beginning January 1, 2009 after seriously disappointing investment results for 2008 of -23%. However, based on pension relief provided by the *Worker, Retiree, and Employer Recovery Act of 2008 (WRERA)*, the Board of Trustees has elected to apply the Plan's funding status for the 2008 plan year to the 2009 plan year. Therefore, the IUE-CWA Pension Fund is neither in endangered nor critical status for the 2009 plan year.

WRERA was enacted specifically to assist pension funds with clarifications and technical corrections to the Pension Protection Act (PPA) passed in 2006 as well as to respond to the current economic crisis. In addition to declining membership, closing plants, virtually all pension funds' investment performance is suffering because of the current market conditions. While this does not put the IUE-CWA Pension Fund and others like it in current danger for paying benefits, it is the long-term funding standards required by the government that are falling behind.

As you know, the IUE-CWA Pension Fund Board of Trustees have already made tough decisions to change benefit accruals and contribution rates going forward to make up for the many issues facing the Fund mentioned before – declining membership, closing plants, and disappointing investment results. By choosing to use the WRERA option of applying 2008's funding status to the 2009 plan year, the Trustees are allowing time for additional regulation, possible improvements in the market conditions, and the time for the changes already made to take affect on the Fund's funding status before other actions are required.

## Summary of Changes

First, please keep in mind: #1 – The changes only apply to the **FUTURE** Benefit Accruals. #2 – The existing benefits for current Retirees and existing accrued benefit amounts for currently active or deferred vested participants with benefits earned prior to 1/1/2009 are **NOT** affected. #3 – Participating Employers that first began participation in the Fund after 1/1/2007 are **NOT** affected by the reductions in benefits or the increased required contributions. #4 – these changes apply only to the IUE-CWA Pension Fund and do **NOT** apply to the 401(k) Plan.

**Beginning in 2009**, as *collective bargaining agreements which provide for participation in the IUE-CWA Pension Fund expire* the rate at which participants may earn future benefits will be reduced in two ways explained below. Additionally, **Participating Employers are required to increase hourly contributions to maintain the reduced accrual schedule for benefits.**

The amount of the required increases will depend on when your CBA expires. The rate increases with each quarter beyond the 1st quarter of 2009. The objective is to adjust the required contributions from each Participating Employer starting from a 1/1/2009 basis, regardless of when your CBA expires.

These required increase percentages for years 2010 and beyond are subject to change based on the experience of the Fund and approval of the Trustees. Before the **scheduled expiration of each CBA**, the Participating Employer and Local Union will receive specific information regarding their required increased contributions with their new Participation Agreement.

If the parties choose to open their collective bargaining early, they should notify the Pension Fund Office as soon as possible so that your new Participation Agreement can be drafted and supplied to both the Employer and the Local Union.

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