



INLANDBOATMEN'S UNION  
OF THE PACIFIC

NATIONAL PENSION PLAN

2021



Disclaimer: All information provided in this presentation is for informational purposes only. Please consult the Plan Document for complete Plan rules.



# AGENDA

- A few basics on retirement planning
- How the Pension plan works
- Q&A

# WHY THIS IS IMPORTANT?

Where do you see yourself when you retire?



What do you want to do when you retire?



What future needs do you have?



Whom do you want to spend time with?





# RETIREMENT PLANNING

- It is important to start thinking about retirement today.
- It's never too early to start planning.
- Begin to think about just how much money you will need in retirement (health care costs, basic living needs, housing, travel, leisure, family, etc.)
- Understanding your own needs & retirement timeline will allow you to make better choices.

# THE REALITIES OF RETIREMENT



- 65-year-old woman:  
21 more years<sup>1</sup>
- 65-year-old man:  
18 more years<sup>1</sup>

## Sources of Income:

- Pensions
- 401 (k)
- Social Security
- Spouse or Partner
- Personal Savings & Other

<sup>1</sup> Social Security Administration, Period Life Table 2019

# IBU PENSION PLAN

- The Pension Plan was started in July 1981.
- There are 21 Employers contributing to the IBU Pension Plan across 5 IBU Regions.
- As of July 1, 2020:
  - 1,290 Active Participants with average accrued benefit of \$559
  - 2,014 Retired Participants with average monthly benefit of \$914
- Benefit amounts vary by contribution and years of service and retirement election.

# IBU PENSION PLAN OVERVIEW

As of July 1, 2021

- Market Value of Assets                      \$302,400,571
- Funded Percentage                              82%
- Zone Status                                      Green
- Currently under Rehabilitation Plan. The Pension Plan has been modified to reduce benefits and allocate additional contributions in order to help improve the funding of the Plan.

# PLAN PARTICIPATION

- Eligibility
  - No age requirement
- New hire entry dates
  - Participation after one year of service.
- One year of Benefit/Vesting Service is 240 hours worked in one Plan Year (July 1 through June 30)

# CONTRIBUTIONS

- According to Collective Bargaining Agreement between Union and Employer
- May be an hourly contribution rate or flat rate based on hours worked or a percentage of gross wages. Please refer to your CBA to understand your Employer will contribute.

# VESTING

- Vesting begins after one year of participation
- Receive credit for one year of service for each year in which you work 240 hours or more.
- You are 100% vested in the Plan once you have five years of Credited Future Service.

## VESTING REQUIREMENTS & BREAKS IN SERVICE

- Five consecutive breaks in service result in a Permanent Break in Service.
  - If you work less than 240 hours in a Plan Year, you do not earn any benefit associated with the contributions for that Plan Year and suffer a break (if not already vested).
- A Permanent Break in Service means any non-vested accruals are forfeited.

# DEFINED BENEFIT ACCRUAL - HOW DO I EARN A BENEFIT?

- The benefit is a monthly amount at retirement. The accrual formula is your contributions times a multiplier.
- 30% of Contributions made on your behalf are shared for additional funding. Employers pay an additional “Supplemental Contribution” which also helps Plan funding.
- Accrual Rate Multiplier Future Benefit Service under a Preferred Schedule Employer:
  - 1-9 Years: 1.4%
  - 10-19 Years: 1.55%
  - 20+ Years: 1.7%

# BENEFIT ACCRUAL – EXAMPLE FUTURE CREDITS

<b>Annual Contribution</b>	<b>Accrual Rate</b>	<b>Monthly Benefit Accrual</b>
$\$6,000 - 30\% = \$4,200$	0.014	\$58.78
$\$7,000 - 30\% = \$4,900$	0.014	\$68.60
$\$5,000 - 30\% = \$3,500$	0.014	\$49.00
$\$6,200 - 30\% = \$4,340$	0.014	\$60.76
$\$6,500 - 30\% = \$4,550$	0.014	\$63.70
<b>TOTAL</b>		<b>\$300.84</b>

# WHEN CAN I RETIRE?

- Normal retirement is age 65 in the Pension Plan.
- Early Retirement can be as early as age 55.
- The Plan also offers a disability retirement should you become permanently disabled while under Covered Employment and unable to return to work in the Industry and apply for Social Security Disability.

# RETIREMENT TYPES – WHEN CAN I START MY BENEFIT?

- **Normal**

- Vested
- Age 65
- Unreduced

- **Postponed**

- Vested
- You work past age 65
- Required to start at age 72

- **Disability**

- Vested
- Not yet age 65
- Permanently & Totally disabled

# EARLY RETIREMENT OPTIONS

- Vested & Age 55 – 65
- Separated from Service

## Early

- 10 Years of Credited Service
- Reduction of 3% per year from age 62 to 65, and Actuarially reduced prior to age 62.

# RETIREMENT OPTIONS – HOW IS MY BENEFIT PAID?

- Single Life Annuity
  - Highest benefit payment. Unreduced at age 65
- Joint & Survivor: 50%, 66 2/3%, 75%, 100%.  
Spousal benefit upon death. If married 50% J&S is normal form.
- Certain & Life: 60, 120, or 180 month. May elect a non-spouse as beneficiary.
- The Pop Up (spouse pre-deceases retiree)
- Lump Sum: Only if value is less than \$5,000
- ❖ Elections cannot be changed after commencement.

# WHEN I AM READY TO RETIRE, WHAT DO I DO?

## Additional Considerations:

- Tax form for withholding (federal and possibly state)
- Direct Deposit form (preferred payment method)
- If you move in the future, please contact the Trust Office as soon as possible to provide your new address and phone number.
- It is important you communicate address changes to the Trust Office. There are additional notices sent annually to all Participants.

# WHEN I AM READY TO RETIRE, WHAT DO I DO?

- Please contact the Trust Office at least 90 days before you want to start your retirement. All retirements start the first of the month.
- Your Employer will verify your last day of work.
- You cannot commence your retirement while working (unless you are over age 70.5)
- You will be sent a packet with your retirement options based on the date you provide as your benefit commencement date/annuity start date.
- You will be sent an application that you need to return completed and signed. Spousal consent may be needed.
- Additional legal documents will also be needed if not previously provided such as birth certificates, marriage certificate and if applicable a divorce decree.

# RETURNING TO WORK – THE RULES

- If you work for a Contributing Employer more than 120 days in any two consecutive Plan Years, your benefits will be suspended for any month in which you work more than 5 days in a month.
- If you accrue additional benefit, your pension benefit will be re-calculated.

# RETURNING TO WORK – THE RULES

- If you are over the age of 70.5, the suspension of benefit, return to work rules do not apply.
- You may only work up to 5 days in a month for a non-contributing employer within the industry and geographic areas of the IBU, and if more than 5 days, your benefit will be suspended the month you work more than 5 days.
- We will send a letter annually asking if you are working at all.

# WHAT IF I DIE BEFORE I START MY PENSION?

- If you are vested and married upon death, your spouse will receive a 50% Joint and Survivor benefit for the remainder of their lifetime.
- If you die before the age of 65, your surviving spouse may elect Early Retirement if you were eligible, or they wait until you would have reached Normal Retire Age (65) to start their 50% J&S benefit.
- If you are unmarried, there are no survivor benefits. C&L options may only be elected at retirement.

# YOUR PENSION STATEMENT & BENEFICIARY FORMS

- Each year you will receive a Pension Statement from the Trust office.
- Be sure to confirm your date of birth and your hours on that statement.
- In addition, it is very important the Trust office has a current beneficiary form on file for you. Those forms are available on the Plan's website at

[www.ibubenefits.org](http://www.ibubenefits.org)



# ONLINE TOOLS

- Plan Documents & Forms
- Your Own Hours & Contribution History
- Your Own Pension Benefit
- Retirement Education Tools

# CONTACT INFORMATION

- You can reach the IBU Pension Plan Trust Office at 800-547-4457. Our office hours are 8:30 am-5 pm Monday-Friday.
- The website is [www.ibubenefits.org](http://www.ibubenefits.org)
- The website will be your best source for Plan information, forms and benefit information.



QUESTIONS?