

# California Teachers Association Employees' Retirement Benefits Trust

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TO: Participants and Beneficiaries of the California Teachers Association Employees' Retirement Benefits Trust and Plan;  
Contributing Employers and Bargaining Parties

FROM: The Board of Trustees

DATE: September 30, 2020

RE: Changes to Plan Benefits under the Rehabilitation Plan, Effective January 1, 2021

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## **PLEASE READ THIS IMPORTANT NOTICE ABOUT RETIREMENT PLAN BENEFIT CHANGES**

This notice describes changes to “adjustable benefits” under the California Teachers Association Employees' Retirement Benefits Plan (“Plan”) made to comply with the Pension Protection Act of 2006, as amended by the Multiemployer Pension Reform Act of 2014 (“PPA”) that will take effect on January 1, 2021. As you were notified in March 2020, the Plan's actuary certified that the Plan is in critical status for the 2020 Plan year under the PPA. The Board of Trustees adopted a “rehabilitation plan” under the PPA in March 2020, and amended the rehabilitation plan in September 2020.

Under the amended rehabilitation plan, the current benefit formula in the Plan – which is 3% times Highest Monthly Compensation times Years of Credited Benefit Service – will remain the same. The Plan's normal retirement age is 65, and any retirement prior to attainment of age 65 is called an “early retirement.”

- For benefits earned prior to January 1, 2021, the earliest age at which a participant can retire and receive unreduced benefits is age 55. For retirements between age 50 and 55, Plan benefits are reduced using the Plan's current Early Retirement Factors.
- For benefits earned on or after January 1, 2021, the earliest age at which a participant can retire and receive unreduced Plan benefits is age 60. For retirements between age 50 and 60, Plan benefits earned after January 1, 2021 will be reduced using new Early Retirement Factors. Salary increases received after January 1, 2021 will apply to benefits accrued before January 1, 2021 as well as to benefits accrued after January 1, 2021.

**Please see the Early Retirement Factors chart and examples on the following pages for additional information about how these changes will affect Plan benefits, and your rights and remedies.**

**PLEASE NOTE: The changes do not affect benefits that are currently being paid.**

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**BeneSys will host an online retirement workshop on Saturday, November 7, 2020, at 11 a.m.**

For more information about the workshop or this notice, please contact BeneSys at (833) 265-2277 or P.O. Box 154, San Ramon, CA 94583. If you would like to attend the retirement workshop, please send your email address to [Sandra.Snyder@benesys.com](mailto:Sandra.Snyder@benesys.com) and indicate in your email that you would like to attend the retirement workshop.

For more information about Plan changes, please see the enclosed Participant Q&As - Part 2, which are also posted on the Participant Website at: [www.OurBenefitOffice.com/ctapension/Benefits/](http://www.OurBenefitOffice.com/ctapension/Benefits/).

### **Changes to Early Retirement Factors**

The following chart shows the Plan's current Early Retirement Factors, which will continue to apply to benefits earned before January 1, 2021 (in the middle column), as well as the Early Retirement Factors that will apply to benefits earned after January 1, 2021 (in the far right column). The percentage shown for each factor is the percentage of the monthly benefit, as calculated under the Plan's benefit formula, that is payable at each age, for vested employees who retire at or after age 50.

<b>Age at Retirement</b>	<b>Early Retirement Factors for Benefits Earned Prior to 1/1/21</b>	<b>Early Retirement Factors for Benefits Earned After 1/1/21</b>
50	66%	44%
51	72%	47%
52	78%	51%
53	85%	55%
54	92%	60%
55	100%	65%
56	100%	70%
57	100%	77%
58	100%	84%
59	100%	91%
60	100%	100%
61	100%	100%
62	100%	100%
63	100%	100%
64	100%	100%
65	100%	100%

### **Examples of How These Changes Will Affect Plan Benefits**

**Example 1:** In this example, the participant is currently 45 years old with 15 Years of Credited Benefit Service ("YOS"), and retires at age 55 with 25 YOS. The participant's Highest Monthly Pay at retirement is \$10,000. Salary increases received after January 1, 2021 will apply to benefits accrued before and after January 1, 2021.

Under the current Plan, the benefit calculation is:

$$3\% \times 25 \text{ YOS} \times \$10,000 \text{ Monthly Pay at age 55} \times 100\% = \$7,500/\text{month}$$

Under the revised Plan, the benefit calculation is:

$$\begin{aligned} 3\% \times 15 \text{ YOS accrued before 1/1/21} \times \$10,000 \text{ Monthly Pay} \times 100\% &= \$4,500/\text{month} \\ 3\% \times 10 \text{ YOS accrued after 1/1/21} \times \$10,000 \text{ Monthly Pay} \times 65\% &= \$1,950/\text{month} \\ \text{Total benefit} &= \$6,450/\text{month} \end{aligned}$$

Example 2: In this example, the participant is currently 52 years old with 22 YOS, and retires at age 58 with 28 YOS. The participant's Highest Monthly Pay is \$10,000.

Under the current Plan, the benefit calculation is:

$$3\% \times 28 \text{ YOS} \times \$10,000 \text{ Monthly Pay at age 58} \times 100\% = \$8,400/\text{month}$$

Under the revised Plan, the benefit calculation is:

3% $\times$ 22 YOS accrued before 1/1/21 $\times$ \$10,000 Monthly Pay $\times$ 100% =	\$6,600/month
3% $\times$ 6 YOS accrued after 1/1/21 $\times$ \$10,000 Monthly Pay $\times$ 84% =	<u>\$1,512/month</u>
Total benefit =	\$8,112/month

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Example 3: In this example, the participant is currently 56 years old with 26 YOS, and retires at age 60 with 30 YOS. The participant's Highest Monthly Pay is \$10,000.

Under the current Plan, the benefit calculation is:

$$3\% \times 30 \text{ YOS} \times \$10,000 \text{ Monthly Pay at age 60} \times 100\% = \$9,000/\text{month}$$

Under the revised Plan, the benefit calculation is the same:

3% $\times$ 26 YOS accrued before 1/1/21 $\times$ \$10,000 Monthly Pay $\times$ 100% =	\$7,800/month
3% $\times$ 4 YOS accrued after 1/1/21 $\times$ \$10,000 Monthly Pay $\times$ 100% =	<u>\$1,200/month</u>
Total benefit =	\$9,000/month

## **Your Rights and Remedies**

As a member of this Plan, you are entitled to certain rights and protections required by the federal Employee Retirement Income Security Act of 1974, as amended ("ERISA"). ERISA currently provides that all Plan members shall be entitled to:

### **Receive Information About Your Plan and Benefits**

Examine, without charge, at the Plan Office and at other specified locations, such as work sites and union halls, all Plan documents, including insurance contracts, collective bargaining agreements, and a copy of the latest annual report (IRS Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration. Copies of these documents and other Plan information may also be obtained upon written request to the Plan Office. A reasonable charge may be made for the copies.

Obtain a statement telling you whether you have a right to receive a pension at Normal Retirement Age (age 65) and, if so, what your benefits would be at Normal Retirement Age if you stop working under the Plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to

work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once every 12 months. The Plan must provide the statement free of charge.

### **Prudent Actions by Plan Fiduciaries**

In addition to creating rights for Plan members, ERISA imposes duties upon the people who are responsible for the operation of this Plan. The people who operate your Plan- called "fiduciaries" of the Plan - have a duty to do so prudently and in the interest of you and other Plan members and beneficiaries. No one, including your employer, your union or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

### **Enforce Your Rights**

If your claim for a pension benefit is denied or ignored (in whole or in part), you have a right to know why this was done, to obtain copies of documents relating to the decision (without charge), and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials as provided above and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Board of Trustees to provide the materials and pay you up to \$110 a day until you receive the materials, unless they were not sent because of reasons beyond the Board's control. If you have a claim for benefits which is denied or ignored (in whole or in part), you may file suit in a state or federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in federal court. If it should happen that the Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees if, for example, it finds your claim is frivolous.

### **Assistance with Your Questions**

If you have any questions about your Plan, you should contact the Plan Office; it is always better to ask for a written response. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Joint Board of Trustees, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

*This document has been uploaded and is available on the participant website at: [www.CTAPension.org](http://www.CTAPension.org)*