



New England Carpenters Benefit Funds

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**IMPORTANT
INFORMATION
ABOUT CHANGES
TO YOUR BENEFITS
INSIDE!**

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BENEFITS | F O R L I F E

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CARPENTERS BENEFIT FUNDS

PENSION FUND | ANNUITY FUND | HEALTH FUND | VACATION FUND | CARPENTERS ASSISTANCE PROGRAM

SPECIAL EDITION

PROTECTING OUR FUTURE

Learn how your benefits
are changing today for a
more secure tomorrow.

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A STREAMLINED APPROACH, A SOLID FOUNDATION

It's been six months since the New England, Connecticut and Rhode Island Benefit Funds joined forces. In that time, our Boards of Trustees have examined the issues facing the Funds, asked a lot of tough questions and explored a variety of approaches for future action. Now, we're ready to move forward.

This special-edition newsletter provides an overview of important changes we're making to the Benefit Funds. The Trustees have established the following common goals as we enter a new era: **simplified plans, aligned benefits and, perhaps most important, a set of guiding principles that will serve as our blueprint for keeping our plans strong and in place for generations to come.**

Why are we making these changes? We're looking to the future. Over the years, our participants have enjoyed comprehensive benefits as we've gained from the hard work of our active members and retirees. However, some subsidized benefits are not sustainable in today's economy. We want our active and future members to be able to continue to enjoy solid benefits—so we're making changes now. Keep in mind: while there is a lot that is changing, there's also much that's not. You will continue to be able to take advantage of the tremendous health and retirement security that you have—made possible by the sacrifices of the carpenters who came before you.

Please feel free to contact your Fund Office if you have questions that aren't covered here. We will send you more information on these changes and will provide detailed answers to questions at local union meetings.

Yours in Brotherhood,



Thomas J. Flynn
Chairman, Combined Board of Trustees



“Over the years, our participants have enjoyed comprehensive benefits as we’ve gained from the hard work of our active members and retirees.”

PROTECTING OUR FUTURE

Find out what's changing in your area and what it means for you and your family.

We have a lot of information to share with you. Most benefit plan changes you'll read about will become **effective on January 1, 2019.** We're committed to making sure all of our members have an accurate understanding of what's changing in the Connecticut, Rhode Island and New England Benefit Plans. Changes will be different in different areas, but our guiding principles (stated below) are unified.

We encourage you to take the time to carefully read this information to learn about what's changing in your area and what it may mean for you and your family. You're also welcome to attend an upcoming local meeting to get more information. Please contact your Fund Office if you have additional questions.

GUIDING PRINCIPLES OF THE BENEFIT FUNDS

- ✓ **OUR FUNDS ARE STABLE.** We want to make sure that the benefits you have earned and worked hard for are there for you when you need them, whether that's next week, next year or next decade. We're in this for the long haul and will manage plan finances and operations accordingly. We want members to have a solid foundation that can support their health and financial security needs.
- ✓ **OUR FUNDS WILL BE RESPONSIVE.** Our Funds are strong because we constantly evaluate them and make changes when needed. We will be proactive and address potential problems before they become real ones.
- ✓ **OUR FUNDS WILL BE FAIR.** We will do our best to keep benefits equitable for all participants.
- ✓ **OUR FUNDS WILL BE COMPETITIVE.** We want to make sure that the costs of our plans are manageable. We will manage plan finances so that they serve member needs without pricing them out of the market. We want to be able to grow without putting undue pressure on members or participating employers.

GREAT BENEFITS FOR LIFE!

Although we are entering a time of change, we believe it's important to reiterate the value of our benefit plans. Our plans are exceptional; far superior in quality, benefits and coverage than most plans operating today.



WE'RE LOOKING TO THE FUTURE

IMPORTANT PENSION AND HEALTH FUND CHANGES

Please take the time to read this information and learn about what's changing in your area and what it may mean for you and your family.

The following sections provide specific information about changes made by the Trustees of the New England Carpenters Benefit Funds to the pension and health benefits for Connecticut Carpenters. These changes will become effective January 1, 2019. The information included here is the start of an ongoing effort to keep you up-to-date with decisions made by your Board of Trustees. If you have questions, please contact the New England Carpenters Funds' Connecticut Office.

NEW ENGLAND CARPENTERS PENSION FUND

BENEFITS FOR CONNECTICUT CARPENTERS

Our Pension Fund is strong, but we need to adjust the plan and invest in the future in order to strengthen the Pension Fund for today's carpenters and tomorrow's apprentices. The Pension Fund should also be equitable for all participants, and changes to pension benefits in all areas of the Fund—New England, Connecticut, Rhode Island—will lead to consistency and sustainability. With those goals in mind, the Combined Board of Trustees approved the following changes for **credits earned January 1, 2019 and later**:

WHEN YOUR HOURS ARE COUNTED

Our benefit year is changing to a calendar year: January 1 – December 31. As a result, the current benefit year will end on December 31, 2018, and the 2019 benefit year will start on January 1, 2019. (A benefit year is the 12-month period in which you earn credit towards your pension.)

HOW YOU EARN PENSION AND VESTING CREDITS

Listed below is the new pension credit scale that will be used for hours worked after January 1, 2019. Pension credits earned prior to January 1, 2019 remain unchanged. **Please note that participants in Connecticut can no longer earn more than one pension credit in a year.**

HOURS WORKED	PENSION CREDIT EARNED
Less than 140 hours	0.0
140 – 279	0.1
280 – 419	0.2
420 – 559	0.3
560 – 699	0.4
700 – 839	0.5
840 – 979	0.6
980 – 1,119	0.7
1,120 – 1,259	0.8
1,260 – 1,399	0.9
1,400	1.0 Maximum

Effective January 1, 2019, the vesting credit scale will change. In order to earn one "vesting credit," you will have to work a minimum of 840 hours or 0.6 pension credits. You can still be credited with a partial year of vesting service: If you work less than 840 hours, the vesting service you can earn will equal the amount of pension credit earned.

HOW YOU EARN BONUSES

As mentioned previously, for hours worked after January 1, 2019, your pension credit will cap at 1.0 and the 1.2 maximum credit will be eliminated. However, if you have a \$100 accrual rate and work 1,850 hours or more in a plan year, you will receive a \$20 bonus, so you'll still have the ability to earn a maximum accrual of \$120. Participants with an accrual rate of less than \$100 who work 1,850 hours or more in a plan year will receive a prorated bonus for that plan year. (Note: There is an exception to the 1,850-hour threshold for Fund Office staff and Shop workers for whom contributions for at least 150 hours of covered work per month are received. Contact the Fund Office for more information.)

YOUR ELIGIBILITY FOR AN EARLY RETIREMENT PENSION

For benefits accrued on or after January 1, 2019, to be eligible for an Early Retirement pension, you must be age 55 with at least 10 pension credits (instead of the current 15 credits needed).

How Will These Changes Affect Me?

The Fund Office will calculate your pension benefits in two parts: (i) calculating benefits for credits accrued *prior* to January 1, 2019 and (ii) credits accrued *after* December 31, 2018.

SPECIAL EDITION SUPPLEMENT

See below for an example.

Assumptions:

- Participant earned 14 pension credits:
 - 8 pension credits earned prior to January 1, 2019
 - 6 pension credits earned after December 31, 2018
- Participant worked 1,600 hours in each plan year
- Participant is 58 years old at retirement, January 1, 2025

BENEFITS ACCRUED PRIOR TO JANUARY 1, 2019	
2011 – 2018:	
8 pension credits x \$100.00 = \$800.00	
Note: The participant cannot receive this benefit until he reaches Normal Retirement Age in 2029, so no Early Retirement reduction is applied.	
Total = \$800.00	
BENEFITS ACCRUED AFTER JANUARY 1, 2019	
2019 – 2024:	
6 pension credits x \$100.00 = \$600.00	
4 years younger than age 62: 4 x 6% = 24%	
Early Retirement reduction: \$600.00 x 24% = \$144.00	
Total after Early Retirement reduction: \$456.00 (payable beginning January 1, 2025)	
2011 – 2018	Total: \$800.00 (but can't receive this amount until Normal Retirement Age is reached, 2029)
2019 – 2024	Total: \$456.00 (payable from January 1, 2025 through December 31, 2028)
Total: \$1,256.00 (full amount payable beginning January 1, 2029)	

If the participant worked one more year, the pension credits would be counted together as he or she would meet the Early Retirement eligibility requirements for both before and after January 1, 2019.

Assumptions:

- Participant earned 15 pension credits
 - 8 pension credits earned prior to January 1, 2019
 - 7 pension credits earned after December 31, 2018
- Participant worked 1,600 hours in each plan year
- Participant is 59 years old at retirement, January 1, 2026

2011 – 2025:	
15 pension credits x \$100.00 = \$1,500.00	
3 years younger than age 62: 3 x 6% = 18%	
Early Retirement reduction: \$1,500.00 x 18% = \$270.00	
Total after Early Retirement reduction: \$1,230.00	
Total: \$1,230.00 (amount payable beginning January 1, 2026)	

NEW ENGLAND CARPENTERS HEALTH BENEFITS FUND

BENEFITS FOR CONNECTICUT CARPENTERS

The New England Carpenters Health Benefits Plan offers excellent coverage for Connecticut participants—low out-of-pocket costs for services, a broad national network of doctors through Anthem Blue Cross Blue Shield and very generous plans for retirees. Unfortunately, health care costs continue to rise and the cost increases confronting us are just not sustainable. Even if the union could raise hourly contributions enough to maintain current benefits, it would likely lead to a competitive disadvantage for union employers and a reduction in hours worked by union carpenters and the number of carpenters eligible for coverage.

Our Fund is in a strong reserve position, but, if we don't make changes now, our Health Fund will weaken. For that reason, we have looked at all of our costs and have decided to make the following changes to the Retiree Health Plan.

NEW ENGLAND CARPENTERS HEALTH BENEFITS FUND

BENEFITS FOR CONNECTICUT CARPENTERS CONTINUED

BOARD OF TRUSTEES

RETIREE HEALTH COVERAGE CHANGES EFFECTIVE JANUARY 1, 2019:

Providing retiree health coverage is very challenging for any organization, and our Health Fund is no exception. After a lengthy discussion regarding current subsidies, the current financial condition of the Health Fund, the reduction in worked hours, creating equity among all participants, and the continued dramatic increases in health care costs, the Combined Board of Trustees has determined that the 50% coverage subsidy, which has been in place in Connecticut for several years, is no longer sustainable and must be modified.

Currently there are three categories of Connecticut retirees covered by the Fund:

■ **CATEGORY 1: Retirees over 65 years old who are on Medicare and are paying \$365.00 monthly for secondary coverage.**

Effective January 1, 2019, the Plan will no longer provide secondary health insurance to Medicare-eligible retirees. If this affects you, you can choose either to purchase an individual Medicare supplement or Medicare Advantage plan from an insurance carrier. You can enroll in one of these plans during the annual Medicare open enrollment period, which runs October 15 to December 7, 2018.

■ **CATEGORY 2: Retirees on Medicare who have a spouse or dependent under 65 years old and are paying \$755.00 monthly for secondary coverage.**

Effective January 1, 2019, the Plan will no longer provide secondary coverage to Medicare-eligible retirees. If this affects you, you can choose either to purchase an individual Medicare supplement or Medicare Advantage plan from an insurance carrier. You will be able to continue your current benefits for your spouse or dependent for a maximum of 36 months starting January 1, 2019, or until your spouse or dependent becomes Medicare-eligible, whichever comes first. Effective January 1, 2019, the subsidy for this coverage will change from 50% to 25%, and the new monthly cost of this coverage will be \$925.00. The cost of this coverage will continue to be evaluated annually, and adjusted on July 1 of each year, as necessary.

■ **CATEGORY 3: Retirees and their spouses and dependents who are under 65 years old and are paying \$755.00 for retiree health coverage.**

The pre-Medicare retiree plan coverage will remain the same, but with changes in the cost and duration of coverage. Effective January 1, 2019, the current subsidy will be reduced from 50% to 25% and the new monthly cost will increase to \$925.00. These costs will continue to be evaluated annually, and adjusted on July 1 of each year as necessary.

Coverage will be available for 36 months, or until you become eligible for Medicare, whichever comes first. This 36-month term starts on January 1, 2019 for retirees who already have pre-Medicare coverage on January 1. The 36-month term also will start when a retiree elects the coverage after January 1. For example, if a carpenter retires and starts his pension on November 1, 2018, and maintains active coverage through worked hours through February 28, 2019, his 36-month term would start when he elects pre-Medicare coverage on March 1, 2019.

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The Board of Trustees recognizes that these changes are significant and difficult. However, the Board feels that they are necessary to create a better balance between excellent benefits and future sustainability. The Fund Office staff pledges to work very hard to assist you through these changes and will maintain the high levels of service that you deserve.

If you have questions, we encourage you to attend local union meetings, where Fund Trustees and union leaders will provide greater context for these decisions. Or, contact the New England Benefit Funds' Connecticut Office at 1-800-922-6026 or 203-281-5511, dialing ext. 641 to speak with the Eligibility Department, and dialing ext. 644 to speak with the Pension Fund.