



## New England Carpenters Benefit Funds

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

VISIT US ON THE WEB: [www.carpentersfund.org](http://www.carpentersfund.org)



G R E A T

# 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 Rhode Island 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 any questions, please contact the New England Carpenters Benefit Funds' Rhode Island Office.

# NEW ENGLAND CARPENTERS PENSION FUND

## BENEFITS FOR RHODE ISLAND CARPENTERS

Our Pension Fund is strong. However, we need to adjust the plans 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 these goals in mind, the Combined Board of Trustees approved the following **changes for credits earned January 1, 2019 and later:**

### HOW YOU EARN PENSION AND VESTING CREDITS

Listed below is the new pension credit scale for hours worked after January 1, 2019. Pension credits earned prior to January 1, 2019 remain unchanged. Please note that beginning in 2019, participants in Rhode Island can no longer bank hours. Hours banked prior to 2019 will not be affected.

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

In addition, 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. 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, you will no longer be able to bank hours. 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 for that plan year. 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.

### YOUR ELIGIBILITY FOR AN EARLY RETIREMENT PENSION

To be eligible for an Early Retirement pension, you must be age 55 with at least 10 pension credits (instead of the current 5 credits needed).

#### How Will These Changes Affect Me?

The Fund Office will calculate your pension benefits in two parts: (i) the benefits accrued prior to January 1, 2019, and (ii) the benefits accrued after December 31, 2018. Below is an example:

#### Assumptions:

- Participant earned 9 pension credits
  - 6 pension credits earned prior to January 1, 2019
  - 3 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, 2022

#### BENEFITS ACCRUED PRIOR TO JANUARY 1, 2019

##### 2013 – 2018:

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

After Early Retirement reduction: \$456.00 (payable beginning January 1, 2022)

#### BENEFITS ACCRUED AFTER JANUARY 1, 2019

##### 2019 – 2021:

3 pension credits x \$100.00 = \$300.00

Note: The participant cannot receive this benefit until he reaches Normal Retirement Age in 2026, due to the new eligibility rules, so no Early Retirement reduction is applied.

2013 – 2018 Total: \$456.00 (payable from January 1, 2022 through December 31, 2025)

2019 – 2021 Total: \$300.00 (but can't receive this amount until Normal Retirement Age is reached, 2026)

**Total: \$756.00** (full amount payable beginning January 1, 2026)



## SPECIAL EDITION SUPPLEMENT

### What about the change in Early Retirement Eligibility?

Each participant will be affected differently by this change. As noted in the example on the previous page, some participants may not be able to receive 100% of their pension at Early Retirement. The 58-year-old participant, with a total of nine pension credits (six earned through December 31, 2018 and three earned after January 1, 2019), is eligible to start his or her benefit for the six pension credits earned prior to January 1, 2019 immediately. However, if he or she decided to retire one year later—and earned one additional pension credit for a combined total of 10 pension credits, to meet the new eligibility requirements—he or she would be able to retire and receive 100% of his or her Early Retirement pension, as shown in the following example.

#### Assumptions:

- Participant earned 10 pension credits
  - 6 pension credits earned prior to January 1, 2019
  - 4 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, 2023

10 pension credits x \$100.00 = \$1,000.00

3 years younger than age 62: 3 x 6% = 18%

Early Retirement reduction: \$1,000.00 x 18% = \$180.00

After Early Retirement reduction: \$820.00

**Total: \$820.00** (amount payable beginning January 1, 2023)

## NEW ENGLAND CARPENTERS HEALTH BENEFITS FUND

### BENEFITS FOR RHODE ISLAND CARPENTERS

Most of us recognize that we have very good coverage through the New England Carpenters Health Benefits Fund: low out-of-pocket costs for services and a broad national network of doctors through Rhode Island Blue Cross Blue Shield. Unfortunately, health care costs continue to rise and the cost increases are simply not sustainable.

We cannot resolve this situation by increasing the hourly contribution. 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 our costs and have decided to make the following changes to the Retiree Health Plan.

### 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 lengthy discussions regarding current subsidies, the current financial condition of the Health Fund, and equity among all participants, the Combined Board of Trustees has made the following changes:

#### Pre-Medicare Retirees

- Effective January 1, 2019, the subsidy for Pre-Medicare retiree health coverage will be reduced from 100% to 50%; however, the maximum period of coverage will be increased from two years to three years. Therefore, beginning January 1, 2019, the monthly retiree cost will be \$800.00 and will be the same whether or not you have a spouse covered by the plan. If you are enrolled, or are enrolling, in this plan, you will receive a self-pay notice, which is due by the 20th of the month prior to the coverage month (i.e., your payment for January 2019 coverage will be due by December 20, 2018).

- Effective January 1, 2020, the subsidy will be reduced from 50% to 25%.
- The costs for this group will be evaluated annually, and rates will be adjusted each year.
- Pre-Medicare retiree health coverage for eligible participants and their spouses will be available for 36 months, or until Medicare eligibility, 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: A Carpenter retires and starts his pension on October 1, 2019, but maintains active coverage through worked hours until March 1, 2021. When he elects pre-Medicare coverage effective March 1, 2021, his 36-month term will start on that date.

We anticipate that pre-Medicare retirees will shop the market for alternative coverages that may be better suited to their individual situations, relating to coverage and cost.

## NEW ENGLAND CARPENTERS COMBINED BENEFITS FUNDS

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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 any questions, we encourage you to attend local union meetings, where Fund Trustees and union leaders will provide greater context for Benefit Funds decisions, or contact the New England Carpenters Benefit Funds' Rhode Island Office at 401-467-6813.