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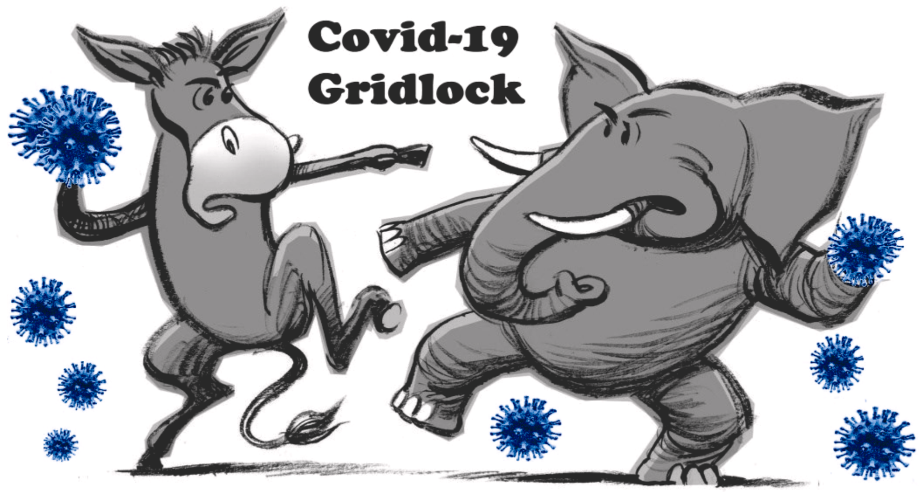
# PENSION COMMUNICATOR

Graphic Communications Conference of the International Brotherhood of Teamsters National Pension Fund ("GCC/IBT-NPF")

*Formerly the Graphic Communications International Union Supplemental Retirement and Disability Fund*

# Republicans and Democrats Can't Agree on Pension Relief




Since publication of the last *Pension Communicator* in August 2019, Democrats and Republicans have brought forth very different plans to address the multiemployer pension crisis. Democrats passed legislation in the House of Representatives in May, H.R. 6800, "The Heroes Act", which would bring substantial relief to the crisis. Republicans panned the bill and the President called it "Dead on arrival." Republican Senators Chuck Grassley of Indiana and Lamar Alexander of Tennessee floated a proposal in the Senate that would result in little government assistance with significant additional costs being shifted onto retirees, beneficiaries, employers and unions.

All of this is transpiring during a time when many pension plans, such as the GCC/IBT National Pension Fund ("Fund"), face insolvency in the coming years while the looming insolvency of the Pension Benefit Guaranty Corporation ("PBGC") further jeopardizes the payment of benefits into the future. But to cut to the chase, the story heading into the November election is that there does not appear to be any consensus in Washington at this time on how to resolve these serious problems. Political gridlock further complicated by the Covid-19 Pandemic has brought pension relief discussions to a grinding halt.

At press time, most observers do not believe any meaningful pension relief will be achieved before Election Day on November 3rd. Many others are more pessimistic that Congress will not take up these serious matters until next year after the dust settles from the November election.

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## Annual Update:

This issue of the *Pension Communicator* includes the official distribution of the Graphic Communications Conference of the International Brotherhood of Teamsters National Pension Fund's **Annual Funding Notice ("AFN")** for the Plan Year beginning May 1, 2019 and ending April 30, 2020 (page 3); and **Critical and Declining Status Notification ("CDSN")** for the Plan Year beginning May 1, 2020 (page 7). The AFN is intended to provide you with a representation of how the Fund is doing from year to year. The CDSN summarizes the most recent annual Actuarial Certification sent to the Internal Revenue Service.

On July 29, 2020, the Fund's Actuary filed their annual Actuarial Status Certification with the Internal Revenue Service, and in the Certification, the Actuary states that as of May 1, 2020, the Fund Remains in Critical and Declining Status. The Actuary further advised that the Fund continues to make progress under its Rehabilitation Plan. Nevertheless, the Fund continues to operate in a "forestall insolvency" mode. The Fund Actuary further advised that the Fund is projected to become insolvent at the beginning of the Plan year on **May 1, 2022**.

(Continued on page 2)

## Gridlock (CONT. FROM FRONT PAGE)

In the meantime, much has happened in the world this year with the Covid-19 Pandemic ravaging the planet and causing the U.S. economy to experience a sharp decline as activity in a number of sectors shut down in March 2020. The unemployment rate reached a high of 14.7% in April and, at press time, was still above 10%. Now, a divided country is gearing up for an election with the presidency and majorities in both the House and Senate at stake. While nothing is certain, exercising your vote for those who are willing to save your pension is something to consider. Please be certain to **vote** this fall and take advantage of mail voting options, if available in your area, to protect you and your family. If voting by mail, make sure to mail in your ballot as soon as you can to avoid Postal Service delays. With the right change in Washington, meaningful multiemployer pension plan relief is still a possibility.

**Be sure to vote on November 3, 2020 !**

As for the current status of the Fund, for the Plan Year which recently ended April 30, 2020, the Fund's Investment Consultant projects close to a zero percent return on investments due primarily to the Pandemic driven economic decline experienced during March and April 2020 just prior to the close of the Plan Year. As you can imagine, events such as these do not help the Fund's current financial situation and make predicting future events difficult.

Based on preliminary data recently reviewed by the Fund's Actuary following the close of the last Plan Year, the Actuary now projects the Fund's insolvency will occur on May 1, 2022 (which is at the beginning of the Plan Year ending April 30, 2023).

Unless the politicians in Washington are able to implement multiemployer pension plan relief before the end of 2021, it appears that the benefits of retirees and beneficiaries currently in pay status, and anyone else who retires prior to May 1, 2022, will be reduced to the PBGC's guaranteed level of benefits on May 1, 2022. Everyone who retires on or after May 1, 2022, is projected to have their benefits calculated at the PBGC's guaranteed level.

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## Annual Update (CONT. FROM FRONT PAGE)

While the Fund is insured by the PBGC, the federal entity which insures pension funds like the GCC/IBT National Pension Fund, current law provides that benefits will continue to be paid in accordance with the formula established by the PBGC (as set forth in the AFN on page 6). However, we note again that the PBGC itself is projected to become insolvent in 2025 unless Congress takes action to provide additional funds to the PBGC prior to its 2025 projected insolvency date.

The Fund is required to provide prompt notification of its insolvency to participants and beneficiaries, participating employers, labor unions representing participants, and the PBGC when insolvency becomes imminent. We are again advising you that this year is not that time, but we also want you to recognize that projections indicate that the Fund is currently 20 months away from insolvency. Furthermore, these projections provided by the Fund's professional advisors are subject to many variables out of the Fund's control which could result in the insolvency date actually being earlier or later. In any event, the Fund will comply with all PBGC notice requirements and keep you informed. For the latest information, please visit the Fund's website at ***www.gccibt-npf.org***

As always, the Board of Trustees remains committed to the goal of maintaining your hard-earned pension benefits for as long into the future as possible.

Respectfully,

***GCC/IBT National Pension Fund Board of Trustees***

## ANNUAL FUNDING NOTICE FOR GRAPHIC COMMUNICATIONS CONFERENCE OF THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS NATIONAL PENSION FUND (GCC/IBT-NPF)

### Introduction

This notice includes important information about the funding status of your multiemployer pension plan (the "Plan"). It also includes general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation ("PBGC"), a federal insurance agency. All traditional pension plans (called "defined benefit pension plans") must provide this notice every year regardless of their funding status. This notice does not mean that the Plan is terminating. It is provided for informational purposes and you are not required to respond in any way. This notice is required by federal law. This notice is for the plan year beginning May 1, 2019 and ending April 30, 2020 ("Plan Year").

### How Well Funded Is Your Plan

The law requires the administrator of the Plan to tell you how well the Plan is funded, using a measure called the "funded percentage." The Plan divides its assets by its liabilities on the Valuation Date for the plan year to get this percentage. In general, the higher the percentage, the better funded the plan. The Plan's funded percentage for the Plan Year and each of the two preceding plan years is shown in the chart below. The chart also states the value of the Plan's assets and liabilities for the same period.

| *Plan Year* | *May 1, 2019 - April 30, 2020* | *May 1, 2018 - April 30, 2019* | *May 1, 2017 - April 30, 2018* |
|---|---|---|---|
| Valuation Date | 05/01/2019 | 05/01/2018 | 05/01/2017 |
| Funded Percentage | 26.2% | 31.5% | 34.5% |
| Value of Assets | $344,938,973 | $420,794,731 | $471,356,022 |
| Value of Liabilities | $1,317,433,726 | $1,334,401,211 | $1,367,964,540 |

### Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the Valuation Date. They also are "actuarial values." Actuarial values differ from market values in that they do not fluctuate daily based on changes in the stock or other markets. Actuarial values smooth out those fluctuations and can allow for more predictable levels of future contributions. Despite the fluctuations, market values tend to show a clearer picture of a plan's funded status at a given point in time. The asset values in the chart below are market values and are measured on the last day of the Plan Year. The chart also includes the year-end market value of the Plan's assets for each of the two preceding plan years.

| *Plan Year* | *May 1, 2019 - April 30, 2020* | *May 1, 2018- April 30, 2019* | *May 1, 2017 - April 30, 2018* |
|---|---|---|---|
| Fair Market Value of Assets | $323,049,884 * | $427,736,562** | $518,196,866** |

***Unaudited **Audited**

### Endangered, Critical, or Critical and Declining Status

Under federal pension law, a plan generally is in "endangered" status if its funded percentage is less than 80 percent. A plan is in "critical" status if the funded percentage is less than 65 percent (other factors may also apply). A plan is in "critical and declining" status if it is in critical status and is projected to become insolvent (run out of money to pay benefits) within 15 years (or within 20 years if a special rule applies). If a pension plan enters endangered status, the trustees of the plan are required to adopt a funding improvement plan. Similarly, if a pension plan enters critical status or critical and declining status, the trustees of the plan are required to adopt a rehabilitation plan. Funding improvement and rehabilitation plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time. The plan sponsor of a plan in critical and declining status may apply for approval to amend the plan to reduce current and future payment obligations to participants and beneficiaries.

The Plan was in critical and declining status in the Plan Year ending April 30, 2020 because the Plan: a) is projected to become insolvent (run out of money to pay benefits) within 15 years; and b) because there was an accumulated funding deficiency in the current Plan Year and a projected funding deficiency in each of the following 4 Plan Years, not taking into account any extension of amortization periods under Internal Revenue Code Section 431(d). Additionally, the normal cost for the 2019 Plan Year

## Endangered, Critical, or Critical and Declining Status (continued)

plus interest on the unfunded benefit liabilities under the Plan exceed the present value of reasonably anticipated employer contributions for the current Plan Year, and the present value of non-forfeitable inactive participants' benefits was greater than the present value of non-forfeitable active participants' benefits, as of May 1, 2019. The Plan is projected to be insolvent in the May 1, 2022 - April 30, 2023 Plan Year. Such insolvency may result in benefit reductions.

In an effort to improve the Plan's funding situation, the Trustees adopted a Rehabilitation Plan effective on May 1, 2008, and an Amended Rehabilitation Plan effective May 1, 2011 with the intent to forestall the insolvency of the Fund.

Note that the following **Summary of the Amended Rehabilitation Plan** does not include all provisions of the Amended Rehabilitation Plan. The text of the original and Amended Rehabilitation Plans may be found on the Fund's website at: **www.gccibt-npf.org** or you may request a copy from the Fund Office. In case of conflict with this summary, the actual Amended Rehabilitation Plan controls. You may also request the actuarial and financial data that demonstrate any action taken by the Trustees toward fiscal improvement by contacting the Fund Office.

### Amended Rehabilitation Plan Schedules:

The Amended Rehabilitation Plan includes two schedules, the *Preferred Schedule* and the *Default Schedule*, as follows:

The Preferred Schedule was available for adoption by the bargaining parties before May 1, 2011. This Schedule applies to Employers who timely adopted it and to their Active Employees (as defined in the amended Rehabilitation Plan). It includes the following provisions:

❐ Early retirement reduction factors were revised to impose a somewhat greater early retirement reduction for retirement before age 65.

❐ Employer contributions were increased by 5% of current rates. These contribution rate adjustments increased Active Participant accrual rates proportionately.

The Default Schedule applies to all Deferred Vested Participants (as defined in the Amended Rehabilitation Plan) and to Employers (and their Employees) who did not reach an agreement with their local union to adopt the Preferred Schedule in a timely manner. It includes the following provisions:

❐ A cap on future benefit accrual rates of 1% of currently bargained contributions per year;

❐ Employer contributions were increased by 20% with no corresponding increase in Active Participant accruals.

As the Plan is in Critical and Declining Status for the Plan Year ending April 30, 2021, separate notification of that status has or will be provided.

## Participant Information

The total number of participants and beneficiaries covered by the Plan on the valuation date was 32,604. Of this number, 947 were current employees, 19,651 were retired and receiving benefits, and 12,006 were retired or no longer working for the employer and have a right to future benefits.

## Funding & Investment Policies

Every pension plan must have a procedure to establish a funding policy for plan objectives. A funding policy relates to how much money is needed to pay promised benefits. The funding policy of the Plan is that the Board of Trustees establishes Plan benefits based on the level of contributions made to the Plan pursuant to collective bargaining agreements between participating employers and Local Unions and special participation agreements between participating employers and the Plan, and investment earnings thereon.

## Funding & Investment Policies (continued)

Once money is contributed to the Plan, the money is invested by Plan officials called fiduciaries. Specific investments are made in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries who are responsible for plan investments with guidelines or general instructions concerning various types or categories of investment management decisions. The investment policy of the Plan is to invest and reinvest such funds as are not necessary for current expenditures or liquid reserves, as determined from time-to-time, in such investments as are legal investments under applicable State and Federal law relating to the investment of employee pension trust funds. These investments may include stocks, bonds or other property, real or personal, including improved and unimproved real estate and equity interests in real estate, where such investment appears to the Trustees in their discretion and consistent with their fiduciary obligations, to be in the best interest of the Fund and its Participants and Beneficiaries, judged by then prevailing business conditions and standards. The Trustees select appropriate professionals to invest assets and to assist in prudently measuring and evaluating investment performance on a regular basis.

Under the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets:

| Asset Allocations | Percentage | Asset Allocations | Percentage |
|---|---|---|---|
| Cash (Interest bearing and non-interest bearing) | 0.72% | Value of interest in common/collective trusts | 57.41% |
| U.S. Government securities | 0.00% | Value of interest in pooled separate accounts | 9.75% |
| Corporate debt instruments (other than employer securities): | | Value of interest in 103-12 investment entities | 0.00% |
| Preferred | 0.00% | Value of interest in registered investment companies (e.g., mutual funds) | 0.00% |
| All other | 0.00% | Value of funds held in insurance co. general account (unallocated contracts) | 0.00% |
| Corporate stocks (other than employer securities): | | Employer-related investments: | |
| Preferred | 0.00% | Employer Securities | 0.00% |
| Common | 6.70% | Employer real property | 0.00% |
| Partnership/joint venture interests | 11.12% | Buildings and other property used in plan operation | |
| Real estate (other than employer real property) | 5.04% | | 0.01% |
| Loans (other than to participants) | 0.00% | Other | 9.25% |
| Participant loans | 0.00% | **TOTAL** | **100%** |

For information about the Plan's investment in any of the following types of investments as described in the chart above – common/collective trusts, pooled separate accounts, master trust investment accounts, or 103-12 investment entities – contact: Georges N. Smetana, Plan Administrator, GCC/IBT National Pension Fund, 455 Kehoe Blvd., Suite 101, Carol Stream, IL 60188, Phone: (630) 871-7733, E-mail: info@gccibt-npf.org, Website: www.gccibt-npf.org

## Right to Request a Copy of the Annual Report

Pension plans must file annual reports with the US Department of Labor. The report is called the "Form 5500." These reports contain financial and other information. You may obtain an electronic copy of your Plan's annual report by going to www.efast.dol.gov and using the search tool. Annual reports are also available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling (202) 693-8673. Or you may obtain a copy of the Plan's annual report by making a written request to the Plan Administrator. Annual reports do not contain personal information, such as the amount of your accrued benefit. You may contact your Plan Administrator if you want information about your accrued benefits. Your Plan Administrator is identified below under "Where To Get More Information."

## Summary of Rules Governing Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans that become insolvent, either as ongoing plans or plans terminated by mass withdrawal. The plan administrator is required by law to include a summary of these rules in the annual funding notice. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for that plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available resources. If such resources are not enough to pay benefits at the level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan's financial condition improves.

A plan that becomes insolvent must provide prompt notice of its status to participants and beneficiaries, contributing employers, labor unions representing participants, and PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected, including loss of a lump sum option.

## Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only benefits that you have earned a right to receive and that cannot be forfeited (called vested benefits) are guaranteed. There are separate insurance programs with different benefit guarantees and other provisions for single-employer plans and multiemployer plans. Your Plan is covered by PBGC's multiemployer program. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first $11 of the Plan's monthly benefit accrual rate, plus 75 percent of the next $33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is $35.75 per month times a participant's years of credited service.

*Example 1:* If a participant with 10 years of credited service has an accrued monthly benefit of $600, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant's years of service ($600/10), which equals $60. The guaranteed amount for a $60 monthly accrual rate is equal to the sum of $11 plus $24.75 (.75 x $33), or $35.75. Thus, the participant's guaranteed monthly benefit is $357.50 ($35.75 x 10).

*Example 2:* If the participant in Example 1 has an accrued monthly benefit of $200, the accrual rate for purposes of determining the guarantee would be $20 (or $200/10). The guaranteed amount for a $20 monthly accrual rate is equal to the sum of $11 plus $6.75 (.75 x $9), or $17.75. Thus, the participant's guaranteed monthly benefit would be $177.50 ($17.75 x 10).

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In addition, the PBGC guarantees qualified preretirement survivor benefits (which are preretirement death benefits payable to the surviving spouse of a participant who dies before starting to receive benefit payments). In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under a plan within 60 months before the earlier of the plan's termination or insolvency (or benefits that were in effect for less than 60 months at the time of termination or insolvency). Similarly, the PBGC does not guarantee benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

For additional information about the PBGC and the pension insurance program guarantees, go to the Multiemployer Page on PBGC's website at www.pbgc.gov/multiemployer. Please contact your employer or plan administrator for specific information about your pension plan or pension benefit. PBGC does not have that information. See "Where to Get More Information About Your Plan," below.

## Where to Get More Information

For more information about this notice, you may contact: Georges N. Smetana, Plan Administrator, GCC/IBT National Pension Fund, 455 Kehoe Blvd., Suite 101, Carol Stream, IL 60188, Phone: (630) 871-7733, E-mail: info@gccibt-npf.org,
Website: www.gccibt-npf.org

For identification purposes, the official Plan number is 001 and the Plan Sponsor's Employer Identification Number or "EIN" is 52-6118568. For more information about the PBGC and benefit guarantees, go to PBGC's website, www.pbgc.gov, or call PBGC toll-free at 1-800-400-7242 (TTY /TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).

## NOTICE OF CRITICAL AND DECLINING STATUS FOR 2020
## GRAPHIC COMMUNICATIONS CONFERENCE OF THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS NATIONAL PENSION FUND (GCC/IBT-NPF)

This is to inform you that on July 29, 2020, the Actuary for the Graphic Communications Conference of the International Brotherhood of Teamsters National Pension Fund ("Plan" or "NPF") certified to the U.S. Department of the Treasury, and also to the NPF's Plan Sponsor (the NPF's Board of Trustees), that the NPF is in Critical and Declining Status for the 2020 Plan Year (May 1, 2020 – April 30, 2021). Federal law requires that you receive this Notice. This Notice is for your information. You are not required to respond or take any other action in response to this Notice.

### Critical and Declining Status – 2020 Plan Year

The Plan is considered to be in Critical and Declining status because it has funding or liquidity problems, or both. More specifically, the Plan's Actuary determined that the Plan has a current funding deficiency and is likely to be insolvent during the Plan Year ending April 30, 2023.

**For now, the NPF has sufficient assets to meet its monthly benefit obligations.**

For more information on the NPF's funded status, please see the Plan's Annual Funding Notice, which is also part of this August 2020 *Pension Communicator*.

### Rehabilitation Plan

Federal law requires pension plans in Critical Status to adopt a Rehabilitation Plan aimed at restoring the Plan's financial health.

The NPF has operated under a Rehabilitation Plan for eleven years. You have been previously advised as to the NPF's Critical Status on an annual basis starting in September 2007. This is the sixth year that the NPF is in Critical and Declining Status.

### Adjustable Benefits

As you were previously advised, the law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of the Rehabilitation Plan. Depending on the Collective Bargaining Agreement or other agreement under which you worked in 2007 and your status as a person for whom contributions were or were not required to be made to the Plan, you initially were notified of the NPF's status in September 2007 and that the NPF would be reducing or eliminating certain adjustable benefits. Both the Preferred and Default Schedules of the Rehabilitation Plans required reductions in adjustable benefits including: early retirement benefits, preretirement death benefits and disability benefits. The Schedules also required additional Employer contributions. Independent of these reductions, the NPF's Supplemental Early Retirement Benefit was also eliminated.

You may obtain copies of the previous communications that discussed changes in adjustable benefits by contacting the Plan Administrator at info@gccibt-npf.org or by writing the Plan Administrator at 455 Kehoe Blvd., Suite 101, Carol Stream, IL 60188.

### Employer Surcharge

The law requires that all Employers pay to the Plan a surcharge to help correct the NPF's financial situation, until the Employer's employees are covered under a Collective Bargaining Agreement (or other similar agreement) that includes terms consistent with the Rehabilitation Plan's Schedules. For the small number of Employers who did not adopt the Preferred Schedule of the Rehabilitation Plans, surcharges were implemented. The amount of the surcharge is equal to a percentage of the amount an Employer is otherwise required to contribute to the NPF under any applicable Collective Bargaining Agreement that is not consistent with the Rehabilitation Plan's Schedules. With some exceptions, a 5% surcharge was applicable in the initial Critical Status Plan Year (2008), and a 10% surcharge applied for each succeeding Plan Year thereafter in which the Plan remained in Critical Status.

### Where to Get More Information

For more information about this Notice, go to the NPF's website www.gccibt-npf.org Or, you may contact the Fund Office at the address above, or by email to info@gccibt-npf.org You have a right to receive a copy of the Rehabilitation Plans, including the Schedules, from the NPF. If you would like a copy, go to our website, or contact the Fund Office.

## Notice of Your Right to Receive an Individualized Participant Benefit Statement

This is to notify you that if you worked for a participating employer who was required to make contributions into the Fund on your behalf in the last calendar year, you may request and receive an individualized Participant Benefit Statement from the Fund. The Statement sets forth the amount of wages reported by a participating employer, the participant's accrued benefit at age 65, and whether or not the participant is vested (and if not, when vesting will occur). Please be sure to distinguish your request for a Participant Benefit Statement from a benefit estimate request. Benefit estimates set forth a hypothetical projection of a participant's accrued benefit from age 55 to 65 and can be requested once a year.

The *Pension Communicator* is published by the Graphic Communications Conference of the International Brotherhood of Teamsters National Pension Fund, 455 Kehoe Boulevard, Suite 101, Carol Stream, IL 60188. 

www.gccibt-npf.org

**GCC/IBT-NPF**
**455 Kehoe Boulevard, Suite 101**
**Carol Stream, IL, 60188**

RETURN SERVICE REQUESTED

**This issue of the *Pension Communicator* contains the Fund's Annual Funding Notice for the Plan Year Beginning May 1, 2019; and the Critical and Declining Status Notice for 2020.**

www.gccibt-npf.org

**Use the Fund's 24-Hour Toll Free Information Line at (877) 888-2935 to learn more about the Fund's Pension Plan, to submit questions or to leave us your comments**

Whether it be learning more about the Plan, requesting an estimate, finding out how to apply for benefits or asking for a form, you can always use the Fund's 24-Hour Toll Free Information Line to obtain general information about the Fund, request information from our staff or to just leave a message. Call (877) 888-2935 anytime. We can also be found on the World Wide Web at www.gccibt-npf.org or you can send us an e-mail at info@gccibt-npf.org