

Special points of interest:

- Big Changes to Your Pension Plan
- Planning for Retirement
- Kick the Tobacco Habit
- From the Desk of Alice Marshall



I.B.E.W. Local #551

Redwood Empire Chapter, NECA

REDWOOD EMPIRE ELECTRICAL WORKERS' TRUST FUNDS

Redwood Empire Chapter, National Electrical Contractors' Association International Brotherhood of Electrical Workers, Local Union No. 551

YOU NOW HAVE OPTIONS AS TO HOW MUCH MONEY YOU CAN ALLOCATE TO YOUR PENSION FUND

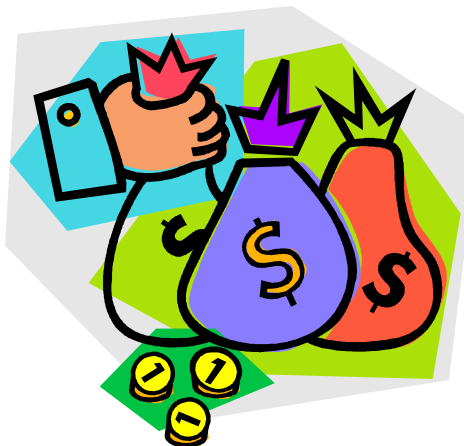
Effective December 1, 2004, your IBEW Local 551 pension plan changed dramatically. Depending on how long you've been working in the trade, you have choices as to how much money you can allocate into your pension account. Local 551 electricians have six pension contribution options which are:

- Class I: \$2.00 per hour
- Class II: \$4.00 per hour
- Class III: \$5.00 per hour
- Class IV: \$6.00 per hour
- Class V: \$7.00 per hour
- Class VI: \$8.00 per hour

These changes to the pension plan do not decrease the total wage/fringe package. It simply allows participants a choice for those

who want more money on the check or more money into their pension plan.

It should be noted that all



You can change the amount of money going into your pension plan one time per year.

apprentices (excluding first year apprentices) have a pension contribution rate of

\$2.00 per hour. Please reference the Inside Collective Bargaining Agreement for a full definition of class criteria.

Journeymen who failed to make a selection during the set up phase were automatically defaulted into Class II, which is \$4.00 per hour.

You can change the amount of money going into your pension plan one time per year. Open enrollment will occur every September with a deadline of October 1 for a December 1 effective date.

If you have any questions about your pension plan, contact Alice Marshall at (707) 526-1996. You may also visit www.vanguard.com to view your pension account online and to manage your investments.

What Funds Should I Invest In?

Having a crystal ball to see into the future would be great for selecting investments. Everybody wants to pick a winner.

Your defined contribution pension account with the Redwood Empire Electrical Workers' Trust (Local 551) allows you the flexibility to self-manage your investment options.

Selecting investments for your retirement is serious business. Many people struggle with deciding which funds are best for them to invest in. Daunted by

the task, they end up not doing anything. A couple of questions to ask yourself are:

- 1) How many more years am I going to work?
- 2) What is my comfort level in taking risks?

For assistance in establishing your goals, please visit www.vanguard.com or call Vanguard at (800) 523-1188.

Remember, neither the Trust Fund Office nor it's designated agents (Vanguard) can give specific investment advice.

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RETHINKING RETIREMENT: Changing attitudes about retirement may affect the way you save and plan for the future

Depending on lifestyle choices, you may need 120% of your current income during retirement years.

Current retirees belong to a generation that tended to view retirement as an endpoint. The next generation of retirees—the Baby Boom generation—views retirement not as an endpoint, but as a turning point. A time to take a short break and then explore new challenges. The new retirement promises to be an enriching blend of education, volunteerism, family and, in many cases, continued work, perhaps in an entirely new career.

Rethinking retirement means you need to rethink your retirement planning. Here are a few things to keep in mind as you plan for the last third of your life.

RETIREMENT INCOME

Financial experts have suggested that retirees will need approximately 70%-80% of their pre-retirement income to live comfortably in retirement. But in the **new** retirement, your income needs may not drop much at all. Depending on how long you live, your debt level, health, and lifestyle choices, you may need up to 120% of your current income in retirement, according to the American Savings Educa-

tion Council.

With continued advances in medical care and an increased awareness of the importance of exercise and nutrition, you can look forward to a longer life than previous generations. That's the 'good' news. The 'bad' news is that your retirement income may have to last 30 years or more. Consider increasing your retirement plan contributions to help build a bigger nest egg.

RETIREMENT EXPENSES

Healthcare: For the year 2002, each American age 65 and older spent an average of \$3,586 on healthcare, according to the U.S. Bureau of Labor Statistics. Retirees often depend on employer-sponsored health plans to supplement their Medicare coverage. As with other health care expenses, premiums for these plans, along with prescription drug costs, may continue to rise.

Inflation: After a number of years with little or no inflation, it could be tempting to consider inflation extinct. But historically, inflation has hovered around 3% a year over the past 30 years, so it's im-

portant to at least use this historical figure in your long-term planning.

Tech Toys: Personal computers, cell phones, and broadband internet access are just a few of the recent tech advances that are making your life richer today. Ten years ago, the \$200 monthly cell phone bill did not exist. Who knows what exciting technological marvels will become the next "must-haves."

THINKING ABOUT LIVING A LONG AND FULL LIFE

You will likely spend a third or more of your life enjoying your new kind of retirement. So, a big part of your planning is to make sure you don't outlive your savings. To do that, you need to save as much as you can, calculate how much you'll need and revisit those goals regularly as you get closer to retirement.

Also, if you set realistic lifestyle expectations, and take active steps to maintain good health, you'll help insure that your retirement income will keep up with your retirement expenses.

NEED HELP KICKING THE SMOKING/CHEWING HABIT?

Your good intentions about kicking the smoking/chewing habit may need a little encouragement and support. You don't need lectures about the negative impact cigarette smoke and chewing tobacco have on yourself and your family. You already have the nagging voice in your head telling you to quit. Did you know that the Redwood Empire Electrical Workers Health & Welfare Trust Fund has a program to assist you with just that? Contact the Trust Fund Office at (707) 526-1996 for more information.



In the Works: Pension Loans for Primary Residence

Soon you may be eligible to borrow from your pension plan for a primary home purchase.

The Redwood Empire Pension Trust is in the process of drafting provisions allowing participants to borrow money from their pension account to purchase a primary residence.

Purchasing a home in Marin or Sonoma County, or anywhere else in the jurisdiction, is an increasingly difficult goal with skyrocketing home prices. Implementing a loan program for Local 551 electricians will assist those who work in our community to live in our community.

One of the greatest challenges of obtaining the American Dream of owning a home is getting enough money for a down payment. Many Local 551 electricians don't have family members in a position to help them with the down payment — especially for first-time buyers.

It should be disclosed that there will be certain eligibility criteria in place in order to obtain

a loan. The exact terms and conditions have not been completely ironed out yet, but it's fair to



assume at this point that::

- You can borrow up to 50% of your account balance (minimum amount of \$1,000 and not to exceed \$50,000) to purchase a primary residence. You

can only have one outstanding loan at a time.

- Repayment of the loan will include interest.
- If you default on loan payments, it will be reported to the Internal Revenue Service as a taxable distribution (20% plus penalties).
- The loan provision is not for second homes or vacation homes.
- Loan applications may be subject to credit check.

Once the details have been set, you will be notified of all the specifics.

National Electrical Benefit Fund



The National Electrical Benefit Fund (NEBF) offers a pension benefit that you may be eligible for at retirement.

The NEBF pension is funded solely by employer contributions in addition to your negotiated wage/fringe package. Each month your

employer contributes 3% of your monthly gross earnings to fund the NEBF plan.

NEBF is a defined benefit plan, which means that all of the money is pooled together and the trustees of the plan determine what the benefits will be upon retirement. The

NEBF is based on service credits. A service credit is issued for each year of service and is assigned a monthly dollar value. A very simplified explanation is that the longer you've been participating in the plan, the more service credits you'll

accumulate over your career.

Visit NEBF's website for more information at www.nebf.com.

International Brotherhood of Electrical Workers Pension



The International Office Pension Benefit Fund offers a pension benefit that you may be eligible for at retirement. Your monthly dues payments determine your eligibility for this pension plan. This is a defined benefit pension plan, similar to the NEBF where the money is pooled together.

They offer a death benefit, and disability and pension benefits if you meet their qualifications including that of continuous good standing. The monthly dues that you pay to Local 551 are broken down as follows: \$2.00 goes towards the Local Union and the remaining is paid to the International Office to cover

these benefits just mentioned and their administration expenses.

Visit International Office's website for more information at www.ibew.org.

Redwood Empire Electrical Workers' Trust Funds

2525 Cleveland Avenue, Suite C
Santa Rosa, CA 95403

Phone: 707-526-1996
Fax: 707-526-7248
www.reew.org
Email: alice@reew.org



Board of Trustees:

James Brown
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This newsletter is provided for informational purposes to participants of the Redwood Empire Electrical Workers Trust Funds and warrants no guarantee for factual or implied accuracy.

From the Desk of Alice Marshall—Trust Fund Administrator

The role of Trust Administrator is to perform administrative duties to make sure your pension fund and your health and welfare benefits run smoothly. This is where the 'rubber hits the road' so to speak. The Administrative Office receives the contributions from employers that purchase your health benefits and allocates the pension money to your account at Vanguard. This office is responsible for making sure the plan rules are being followed, as trust funds are tightly regulated.

The Redwood Empire Electrical Workers' Pension and Health & Welfare Trust Funds employ Alice Marshall and Sarah Miller to operate the daily functions of the Trust Funds.

There are a few reminders to pass along to help make your benefits run smoothly:

- Keep your mailing address and

phone numbers current. Contact the Trust office at (707) 526-1996 with any changes.

- Look at your pension statements to verify your hours are being reported correctly.



- Access the www.vanguard.com website to obtain information on your pension account. The group number is 090395.

- If you use a [Delta Dental](#) dentist, make sure the dentist is writing off amounts over the negotiated rates. Look at your Delta Dental Explanation of

Benefits to see the patient responsibility. You are not liable for more than this amount listed.

- Participants on the PPO plan only: If you are using a PPO doctor, make sure the doctor is writing off amounts over the negotiated rates. Look at your Allied Administrators Explanation of Benefits to see the patient responsibility. You are not liable for more than this amount listed.

- Participants on the PPO plan only-Sav-Rx: If you have plans of a vacation and need more prescriptions that are allowed, you may ask for a vacation override to allow additional refills to become available.

- You can save money on your prescription drugs by using mail order. Discounts will apply, with a greater supply of the medication.