

Special points of interest:

- Big Changes to Your Pension Plan
- How to Enroll Dependent Children for Benefits
- Rising Health Care Costs
- Saving for Retirement



I.B.E.W. Local #551



Redwood Empire Chapter, NECA

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REDWOOD EMPIRE ELECTRICAL WORKERS TRUST FUNDS

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

BIG CHANGES TO YOUR PENSION PLAN TAKE EFFECT DECEMBER 1, 2004

Big changes are on deck for the Redwood Empire Electrical Workers Pension Plan. After almost 2 years of waiting for IRS approval, a variable pension contribution rate will be available later this year for those participants working under the Inside Agreement. You should have received your paperwork in the mail from the Trust office on how to select the pension contribution rate you qualify for. This paperwork only applies to electricians working in Local 551 jurisdiction. Local 551 electricians will 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 there are criteria for selecting your pension contribution class. For example, all apprentices and Journeymen

with less than two years experience will qualify for Class I only. Please reference the Inside Collective Bargaining Agreement for a full definition of class criteria. If you fail to make a selection, all electricians with at least two years experience at Journeyman level will automatically default into Class II, which will be \$4.00 per hour.

The implementation of the variable pension contribution rate does not change anything with Vanguard. You will still have the same investment choices and reference tools as before. The only thing that will change is the amount going into your fund each month.

A short informational meeting will be held August 21 at 9:00 AM at 1700 Corby Avenue in Santa Rosa (Carpenters' Center).



You will have more options as to how much money you put away for your retirement years.

Enrolling Newborn/Newly Adopted Children

Note for new parents:

Your newborns or newly dependent children are NOT automatically added to your health insurance plan. Please be aware that you **MUST** enroll your newborn or newly acquired dependent in the Plan within 30 days of the date of birth or the date they were legally placed in your care. If a correctly completed enrollment form

is not received by the Trust Fund office within 30 days, coverage will not be effective for the child until the first day of the month following the date the proper paperwork is received by the Trust Fund office.

If you have any questions about enrolling your dependents, please phone Alice Marshall or Sarah Miller at the Trust office (707) 526-1996.

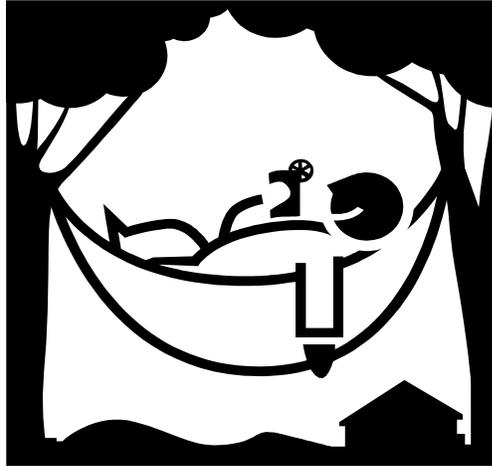
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What's it Going to Cost to Retire? Are You Saving Enough?

Try this little exercise: Close your eyes. Flash forward in time. Picture yourself retired and living the good life. What does "the good life" look like to you? Contemplate how your major expenses might be different from what they are today. Here are some things to consider:

- Some expenses may go down, including housing, clothing, and taxes.
- Some expenses may go up, including health care, insurance, recreation, and travel.



Most people underestimate what it is going to cost to retire.

Your retirement expenses mostly will depend on the lifestyle choices you make. You could become an expert downsizer and be perfectly happy living on a fraction of your former income. On the

other hand, if you envision yourself being profiled in the "High Roller" section of The Retirement Gazette, your expenses could actually increase after you retire. Regardless of which road you take, it's interesting to note that recent polls suggest most retirees tend to underestimate their income needs. And one thing is for sure, no matter what lifestyle you choose, you'll want to be financially secure.

One more thing to keep in mind: With life spans steadily increasing, you could spend up to 30 years or more in retirement. So whatever lifestyle expenses you create, your retirement income may have to last a long, long time.

Did You Know?

HEALTH & WELFARE
The Redwood Empire Electrical Workers Health & Welfare Trust Fund provides more than just medical coverage. We offer: dental, vision, life insurance, accidental death & dismemberment, temporary disability and alcoholism/chemical dependency treatment. These benefits are in addition to your medical

and prescription drug benefits.

Retiree benefits are also available to supplement Medicare for those who qualify. Please contact the Trust Fund office if you would like any additional information on these benefits.

PENSION

Did you know that you can self-

manage your pension account? You have the power to select your investment strategy. Most pension participants are still in the "default" fund. This may or may not be your personal investment strategy choice. Visit www.vanguard.com or call the Trust Fund office for more information.

The Redwood Empire Electrical Workers Health & Welfare Trust provides more than just medical insurance.

Redwood Empire Electrical Workers Trust Funds

Many participants are unaware of the workings of Trust Funds. Here's a brief explanation. You have two separate local trust funds providing you and your dependents benefits.

- **Redwood Empire Electrical Workers Pension Trust.** This Trust is your defined contribution retirement plan. This is your

retirement money with Vanguard.

- **Redwood Empire Electrical Workers Health & Welfare Trust.** This Trust provides your health insurance plan which includes medical, prescription drugs, dental, vision and life insurance.

The finances of each Trust

are completely separate from the other. Each of the Trust Funds are funded by the amount of money spelled out in the collective bargaining agreement. Each of the Trust Funds are given \$X amount of money to work with through the collective bargaining agreement, and the Trustees provide the best benefits possible for the amount of money allocated by the agreement.

Rising Health Insurance Costs: A Special Report Close to Home

Local 551 electricians are fully aware of the crisis going on.

We are all well aware of the costs associated with health care — especially now more than ever. Premiums for health insurance have been increasing 15% to 20% each year. Retiree benefits premiums have been increasing 50% each year for that age group.

There are many factors to consider for the enormous increases including but not limited to:

1. People are living longer
2. Costs associated with research and development for break-

through treatments and new drugs
 3. Escalating prescription drug costs

4. People without health insurance straining the system

Each of these topics are contributing to the escalating costs as well as many others.

High costs of medical care in California are of grave concern. Many employers offer some type of health care coverage for employees and their dependents. However, it's getting tougher for

employers offering these benefits with the constant increases each year.

Local 551 electricians are fully aware of the crisis going on. In a highly emotionally charged meeting in February, the membership voted to allocate more of their wages to their health plan.

Similar circumstances have occurred with other IBEW—NECA health trusts. Some areas have scaled back on the benefit package with increasing co-pays or offering just one insurance plan.

ON A BRIGHTER NOTE . . .

The increase in the Health and Welfare contribution rate was effective June 1, 2004. This gives you an idea of how the \$2.05 per hour adjustment into the Plan may work to help the Plan's stability.

Calculating the June 2004 total hours

worked which were 69,654.53: With the \$7.18 per hour Health and Welfare contribution rate instead of the \$5.13 per hour, the contributions were an additional \$142,791.79. This helps bring the Trust Fund in the positive direction financially for the month of July 2004.

Total hours worked per month, as you know, will fluctuate, but this provides you an idea of how these additional contributions will help stabilize the Health and Welfare Trust Fund with these ever increasing costs associated with the health care industry.

National Electrical Benefit Fund



In addition to your defined contribution pension plan through the Redwood Empire Electrical Workers Trust, you have another pension plan working for you. It's called the National Electrical Benefit Fund (NEBF).

Your 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. The NEBF pension plan is separate and different than your local retirement plan with Local 551. Your local retirement plan with Local 551 is a defined contribution plan, which means that whatever you accumulate over your career as an electrician is what you'll have in your individual

account when you retire—plus any investment income you're earned over the years with your Vanguard choices.

NEBF is what is called 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



Another pension plan available to you is the International Office Pension Benefit Fund. 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.

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

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Early Retirement?

Does the daily grind get you down? Are you weary at the end of the work day? Are you longing for the day when you get to call your own shots? You're not alone. Local 551 electricians qualify for some type of retirement as early as age 55. When you dream about giving your notice and living the good life, be sure you're ready for these retirement realities. If you're even just thinking about retiring in your 50's, there are some things you need to consider. Make no mistake about it, retirement will be expensive. Are you sure you're ready? Have you considered:

1) Outstanding mortgage balance and/or rent. Everybody needs a place to live. How many years do you have left to pay? Now more than ever "older" Americans are carrying ever-increasing mortgages on their homes fueled by the recent

refinancing boom. If you're 45 years old and just refinanced your home for a 30-year loan, did you imagine yourself with the mortgage payment well into your 70's?

- 2) Consumer debt.** Do you have department store credit cards with high balances and high interest rates?
- 3) Health Insurance.** Local 551 Retirees are currently paying premiums ranging between \$144/month and \$1,275.73/month depending on their age, number of dependents and Medicare status. What if you acquire a health or physical condition that puts limits on you. Even if you plan on "working" after retirement to help pay for medical and other expenses, a sudden health condition may throw a monkey wrench into your retirement plans.

4) Cost of Living and Inflation. Have you considered how much "real" money you have saved considering increases in utilities, groceries, gas, etc.? Nothing ever gets less expensive over time.

5) Helping your dependents. Many Americans dream of assisting their children to buy homes, pay for college, weddings, etc. Have you considered the financial impact of doing such things into your retirement plan?

Many Americans will spend 20+ years in retirement. You don't need a fancy, complicated portfolio or to be a financial genius to have a comfortable retirement. Good financial planners with your best interests in mind recommend cutting back on disposable expenses and saving as much as possible for a debt-free retirement.