

Retirement Planning Workshop

32BJ/North Pension Plan



What you will learn today

- How to apply for pension benefits when you are ready to retire
- Where your retirement money will come from
- How the 32BJ North Pension Plan works
- What you need to know about Social Security and Medicare
- How to withdraw funds from the Supplemental Retirement Savings Plan (SRSP)
- Where to find answers about retirement planning



How to apply for pension benefits



How to apply for pension benefits

Working with a Retirement Counselor:

- The Retirement Services Department has a staff of experienced Retirement Counselors to assist you through the retirement process.
- You will be assigned a specific Retirement Counselor who will be familiar with your case and will be available to assist you every step of the way.
- Your Counselor will meet with you in person and will also be available by phone.



How to apply for pension benefits

When you are ready to retire, your Retirement Counselor will help you through the process, he or she will:

- Send you an estimate of the monthly amount of your 32BJ North pension and a retirement application package in the mail.
- Call you to set up an appointment to review your pension estimate and help you complete the application.
- Work with you until the application process is complete.



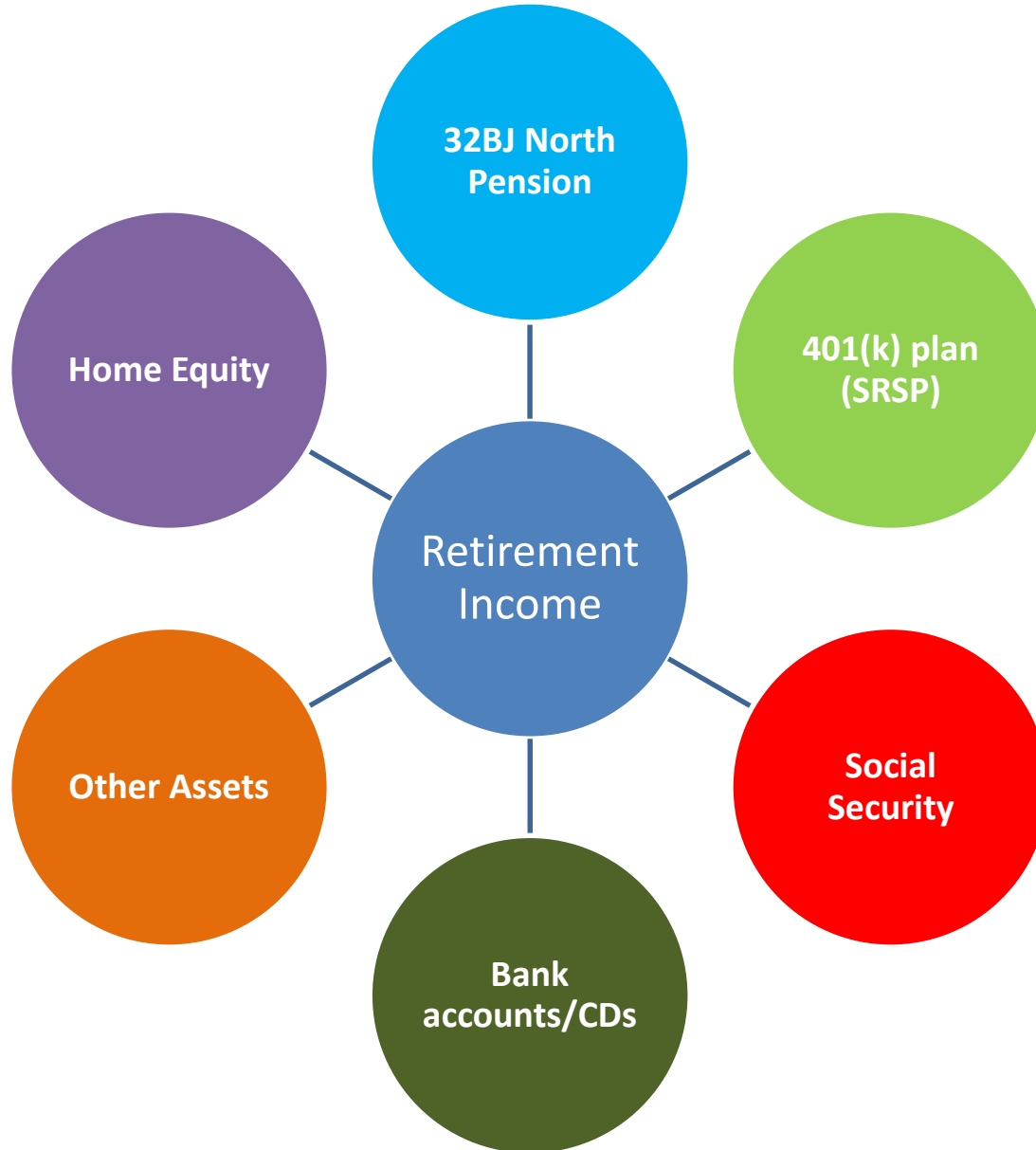
How to apply for pension benefits

Your Retirement Counselor will provide information about:

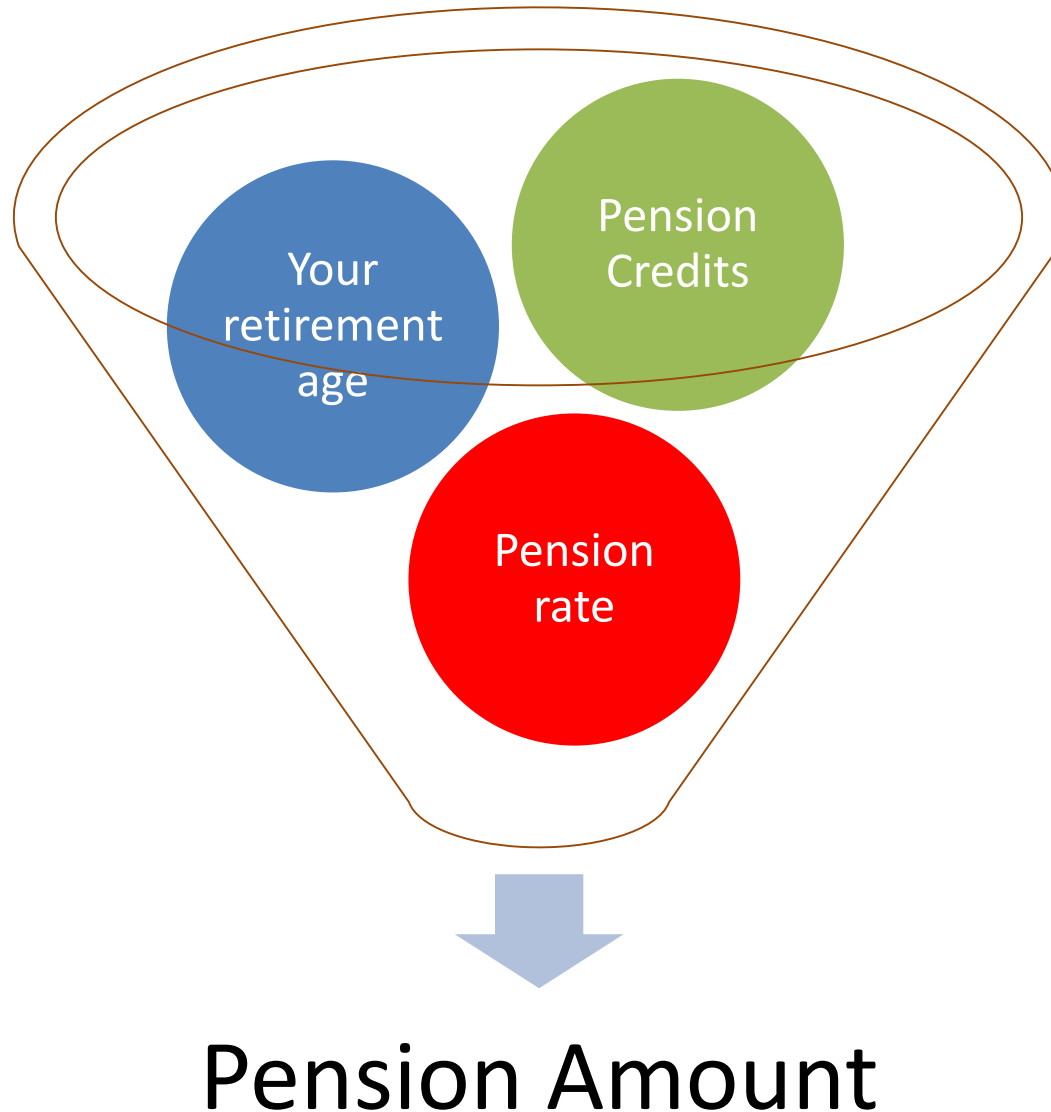
- 32BJ North Pension
- \$1,000/\$2,000 Pensioner Death Benefit (if applicable)
- Your Supplemental Retirement Savings Plan (401k) account (if applicable)
- Social Security
- Medicare



Where your retirement money will come from



Overview of the 32BJ North Pension Plan



Overview of the 32BJ North Pension Plan

More about your retirement benefit:

- You will receive a monthly benefit for as long as you live.
- If you are married your spouse is eligible to receive a benefit for his or her lifetime if you die first.
- If you are married and die prior to retiring, your spouse will receive a benefit for his or her lifetime.



Basic Rules of the Participation

How and When do I Become a Participant of the Plan?

- If you were hired on or after June 1, 2011, you will become a Participant on the first day of the 13th month of Covered Employment with a Contributing Employer.
- If you were hired prior to June 1, 2011, you became a participant in the Plan on the last day of the first plan year for which your employer was required to make Contributions to the Fund on your behalf.



Basic Rules of the 32BJ North Pension Plan

What is Vesting?

- Vesting is the process by which you become entitled to a pension.
- You earn a year of Vesting Service if you work 1,000 or more hours during the plan year (January 1 through December 31).
- You are 100 % vested once you earn 5 years of Vesting Service.



Basic Rules of the 32BJ North Pension Plan

What is Pension Service?

- Pension Service is used to determine the amount of your Pension.
- The more Pension Service you have, the more your monthly pension will be.
- You accrue one month of Pension Service for each month your employer is required to contribute to the Plan for you.
- The Plan limits the total number of years of Pension Service you can earn. The current limit is 30 years of Pension Service. If you have accrued more than 30 years of Pension Service, your benefit will be calculated using the highest 30 years of annual accruals.



Basic Rules of the 32BJ North Pension Plan

What is Pension Service?

- If you work for more than one Contributing Employer at the same time, you will be credited with only one month of service for each month during which one or more Contributing Employers are required to make Contributions on your behalf.
- If more than one Contributing Employer is required to make Contributions on your behalf, the Contribution Rate used to determine your accrual rate for such month will be that of the highest employer contribution.



Types of Pensions

Normal Retirement

Age 65 with five (5) years of Vesting Service

Pension amount is equal to:

- (1) the benefit you earned as of 12/31/2006 under the terms of the Plan in effect at that time
plus
- (2) the sum of your annual accruals for each Plan Year beginning with 2007.



Types of Pensions

Early Retirement

Between the ages of 55 and 65 with ten (10) years
Vesting Service

Your Early Retirement pension is based on your Normal Retirement pension reduced for each year that your Early Retirement date precedes your Normal Retirement date. Contact the Fund office to determine the exact reduction based on your Early Retirement date.



Types of Pensions

Disability Retirement

Minimum age 60 with 10 years of Vesting Service and Permanent and Total Disability while working in Covered Employment as evidenced by Social Security Disability Notice of Award.

Your Disability Retirement pension is based on your Normal Retirement pension reduced by .5% for each month your Disability Retirement date precedes your Normal Retirement date.



How to Calculate Your 32BJ North Pension Benefit

If you worked **prior** to January 1, 2007, the amount of your Normal Retirement Pension is equal to:

$$\begin{array}{ccccc} \text{Benefit Earned} & & & & \text{Normal} \\ \text{as of 12/31/2006} & + & \text{Sum of your Annual} & = & \text{Retirement} \\ & & \text{Accruals beginning} & & \text{Pension} \\ & & \text{1/1/2007} & & \end{array}$$

For your work in Covered Employment **on or after** January 1, 2007, your annual accrual is calculated as follows:

$$\begin{array}{ccccc} \$6.00 & \times & \frac{\text{average monthly employer contribution rate}}{\$28} & = & \text{Accrual Rate} \end{array}$$



How to Calculate Your 32BJ North Pension Benefit

Example #1: Frank began working on January 1, 2002 and will retire on December 31, 2021 at age 65 with 20 years of Pension Service.

During the period January 1, 2002 through December 31, 2006, his accrued monthly benefit was \$204.80.

During the period January 1, 2007 through December 31, 2021, his employer base contribution rate is \$179.20 and he works every month.



How to Calculate Your 32BJ North Pension Benefit

Frank's Pension is determined in 2 parts:

1. Accrued Normal Retirement Benefit as of December 31, 2006 = \$204.80
2. For the 15 years from January 1, 2007 through December 31, 2021:

$$\$6.00 \times \frac{\$179.20}{\$28} = \$38.40$$

Benefit for the period = \$38.40 x 15 years = \$576.00

Normal Retirement Benefit:
 $\$576.00 + \$204.80 = \$781.00/\text{month}$



How to Calculate Your 32BJ North Pension Benefit

Example #2: Jose began working on January 1, 2007 and will retire on July 1, 2021 at age 65 with 14 ½ years of Pension Service.

During his employment, his employer base contribution rate was \$140 and he works every month.



How to Calculate Your 32BJ North Pension Benefit

Jose's Pension is determined in one part:

$$\text{\$6.00} \times \frac{\text{\$140.00}}{\text{\$28}} = \text{\$30.00 Accrual Rate}$$

Annual Accrual for each year, 2007 through 2021:

$$\frac{\text{\$30} \times 12 \text{ months}}{12 \text{ months}} = \text{\$30.00}$$

Normal Retirement Benefit:
 $14 \frac{1}{2} \text{ years} \times \text{\$30.00} = \text{\$435.00/month}$



How Your Pension Will be Paid

If you are single:

Single Life Pension

- ✓ Pays a benefit for your lifetime.
- ✓ Upon your death, no further benefits are payable to a beneficiary

Lump-Sum Cashout

- ✓ Only available if the present value of your benefit at your pension start date is \$5,000 or less



How Will Pension be Paid

If Married: 50% Joint & Survivor Pension

- ✓ Pays a benefit for participant's lifetime.
- ✓ If participant dies before his/her spouse, the spouse will receive 50% of the pension amount the participant was receiving prior to death.

Other options for married participants:

- ✓ 75% Joint & Survivor Pension – If participant dies before their spouse, their spouse will receive 75% of the pension amount they were receiving prior to their death for his or her lifetime.
- ✓ Single Life Pension - Spouse's consent is required to waive his/her right to survivor benefits.
- ✓ Lump Sum Cashout - Only available if the present value of your benefit at your pension start date is \$5,000 or less



Lump-Sum Death Benefit

A \$1,000 Lump Sum Benefit is payable to your beneficiary if you meet the following eligibility criteria:

- ✓ You retire with more than 10 years but less than 15 years of Pension Service
- ✓ You die after your Annuity Start Date
- ✓ You were 65 years or older when you were last an active participant



Lump-Sum Death Benefit

A \$1,000 Lump Sum Benefit is payable to your beneficiary if you meet the following eligibility criteria:

- ✓ You have accrued 15 or more years of Pension Service
- ✓ You die while receiving either a Disability, Normal, or Early Retirement Pension
- ✓ You ceased to be an active participant after attaining age 50 but before age 65



Lump-Sum Death Benefit

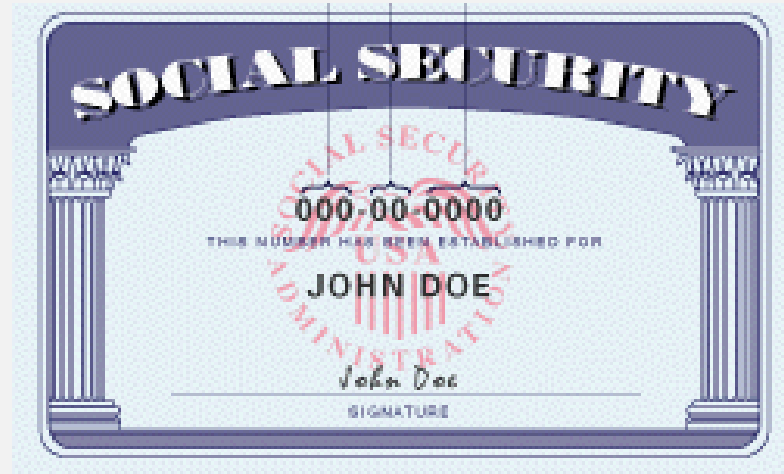
A \$2,000 Lump Sum Benefit is payable to your beneficiary if you meet the following eligibility criteria:

- ✓ You retire with 15 or more years of Pension Service
- ✓ You die after your Annuity Start Date
- ✓ You were 65 years or older when you were last an active participant



Social Security Benefits

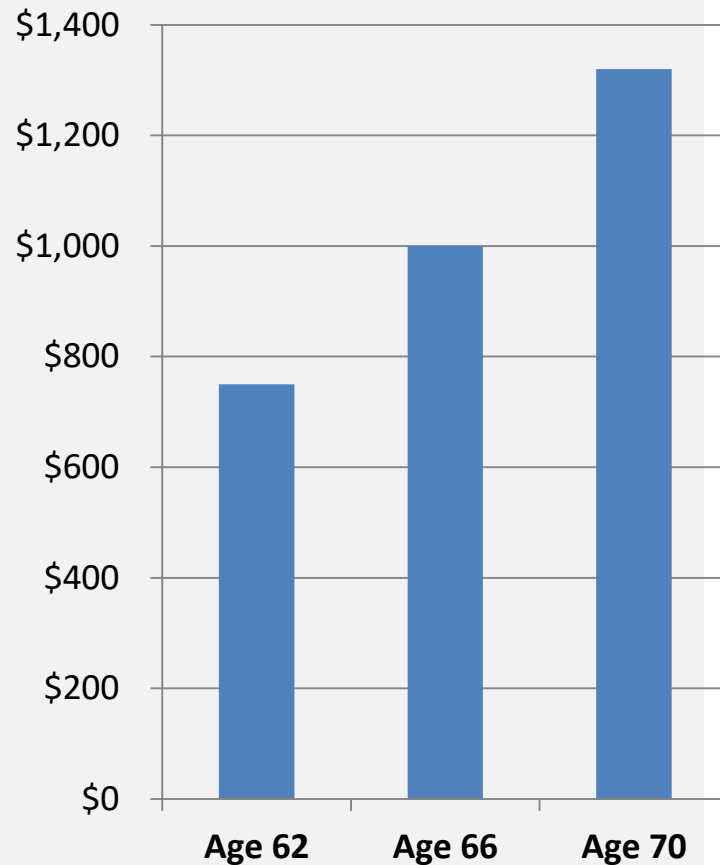
- Social Security will provide you a monthly payment for life.
- Social Security will not fully replace your income from work.
- Your 32BJ Pension, your SRSP account and your personal savings will supplement Social Security.
- Unlike pension, your Social Security is adjusted for inflation.
- The average monthly Social Security retirement benefit for January 2021 is \$1,543.



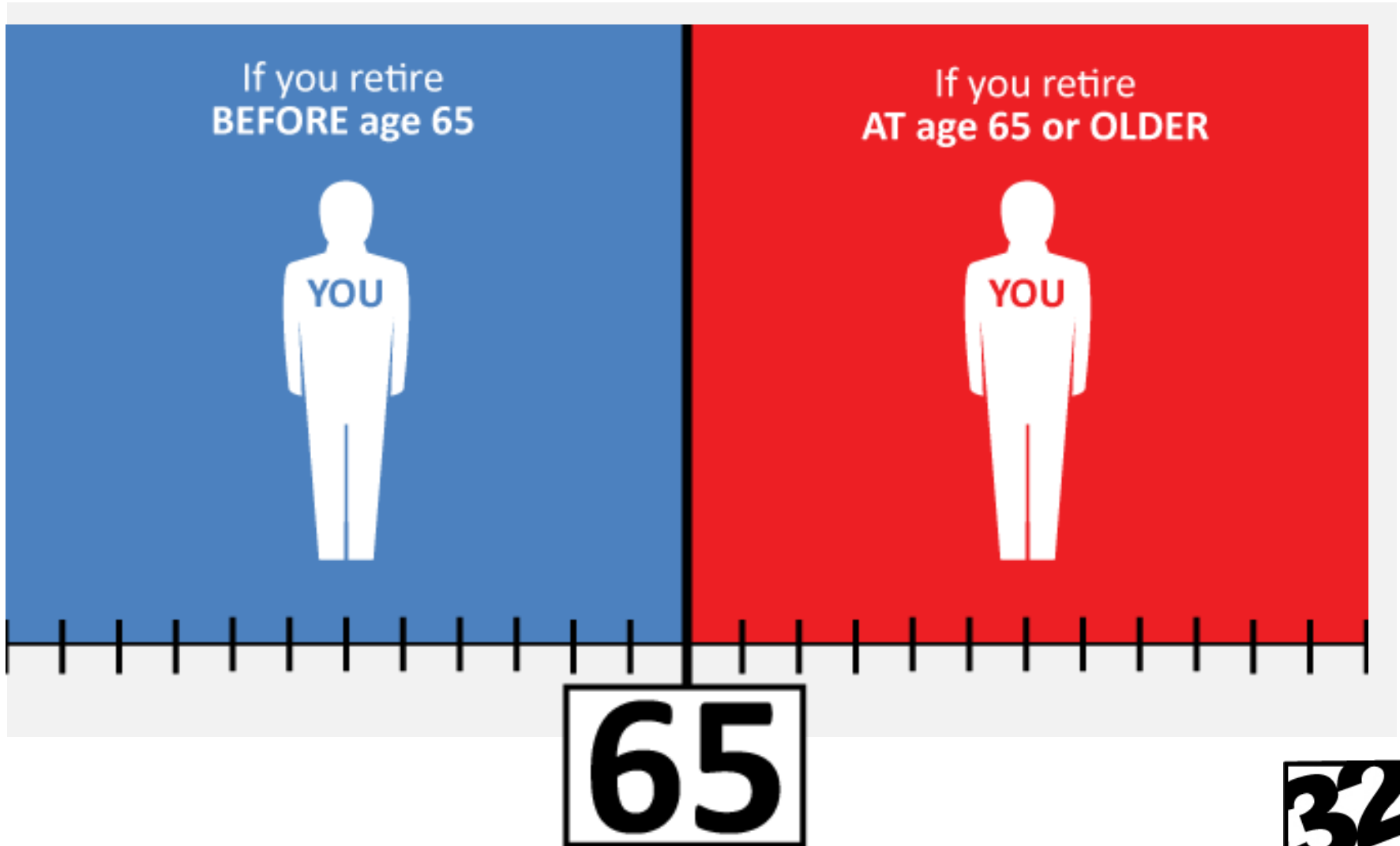
Social Security Benefits

- If you were born between 1943 and 1954, full retirement is age 66.
- If you were born after 1954, the age at which you receive unreduced Social Security benefits increases gradually each month until 1960 when it reaches age 67.
- You can collect Social Security as early as 62.
- If you delay retirement, your benefit will increase each year you postpone retirement until you reach age 70. After 70, your benefit will no longer increase.

Example: If your full benefit is \$1,000 at age 66, at age 62 you would receive \$750, at age 70, \$1,320.

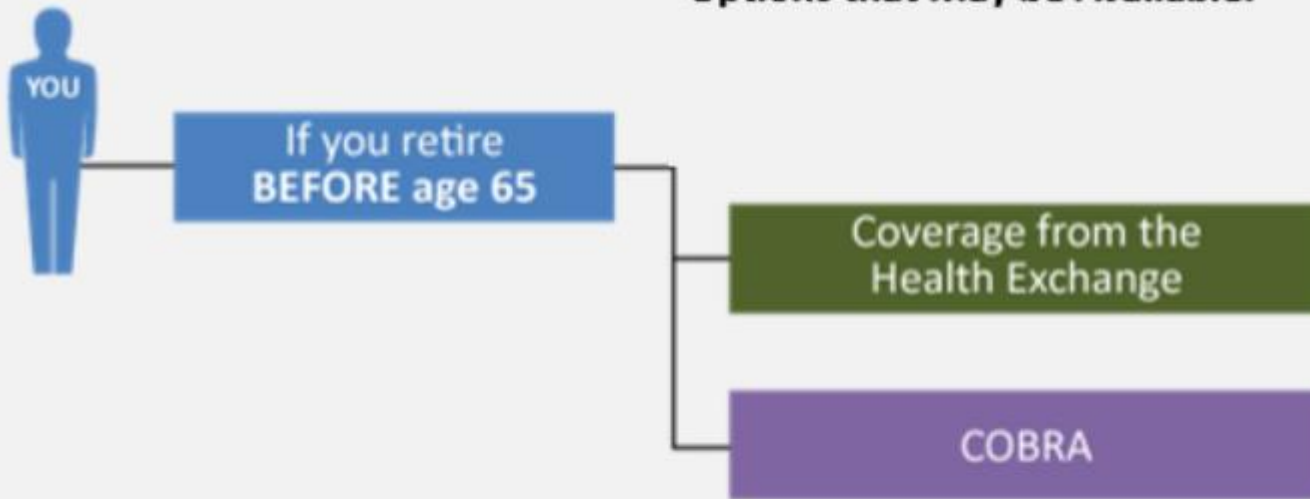


Health Benefits After Retirement



Health Benefits if you Retire before 65

Options that May be Available:



Health under 65:

Insurance Marketplace (Obamacare)

- New York:

<https://nystateofhealth.ny.gov/>



- New Jersey and all other states:

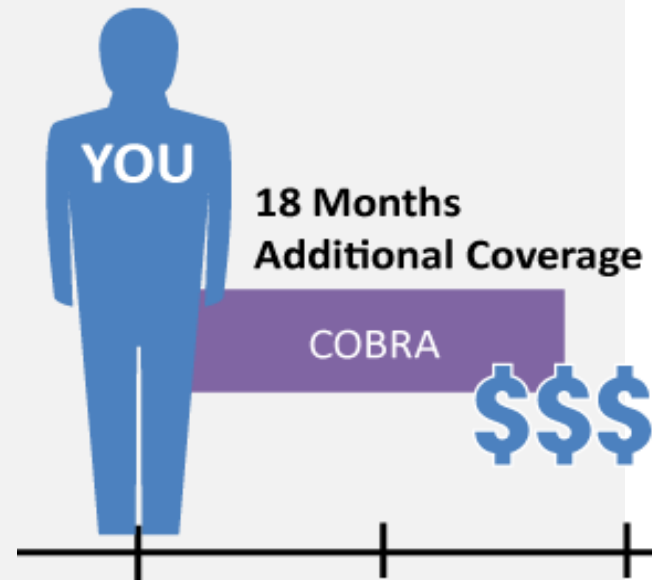
<https://www.healthcare.gov/>



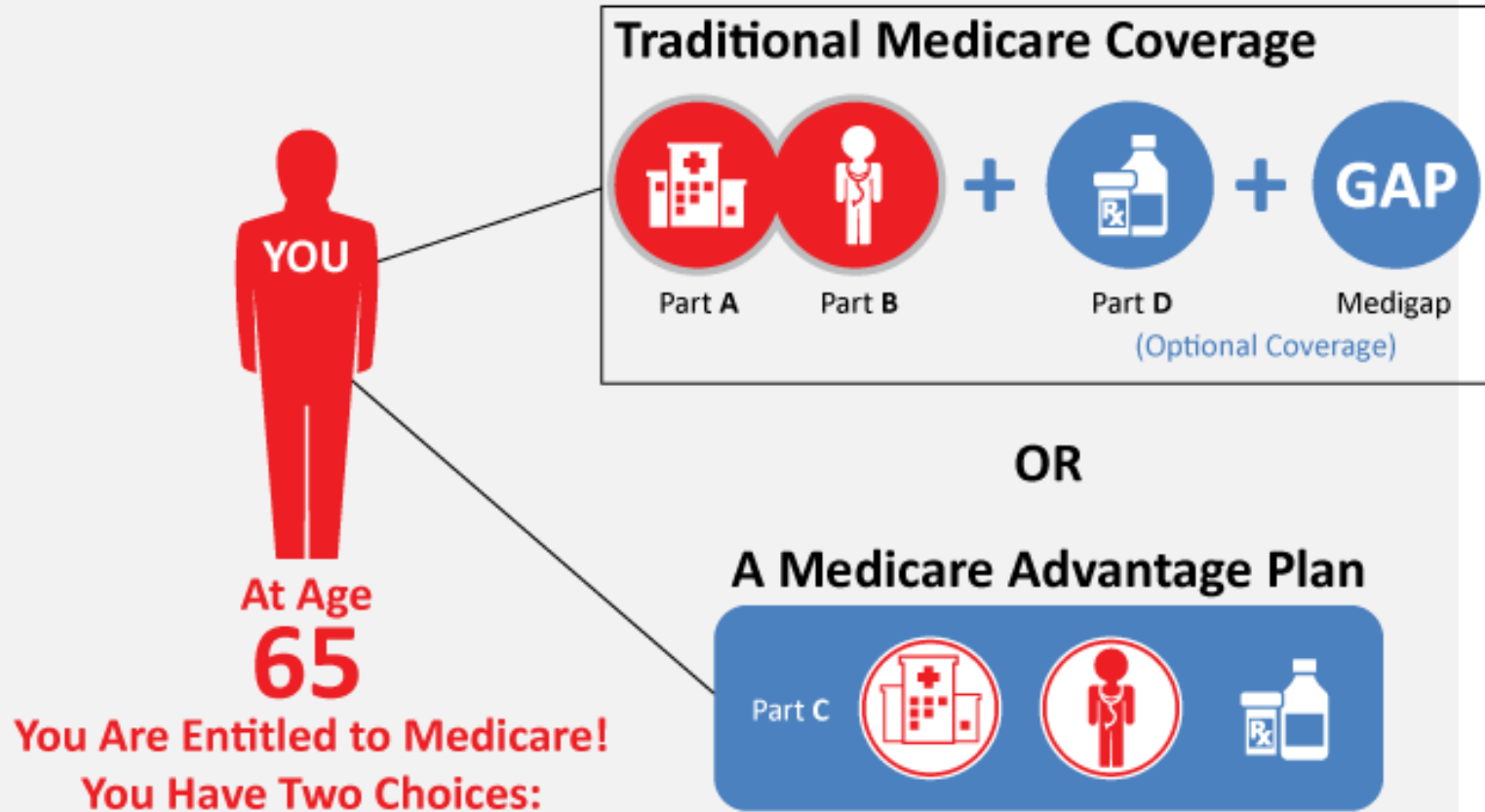
Health under 65:

COBRA Coverage from the 32BJ Health Fund

- 18 months of additional coverage for you and your eligible dependents
- Two options to choose – Core or Core Plus
- Expensive Coverage – for 2021, family Core Plus coverage is \$2,077.73 per month
- Self-pay the full premium



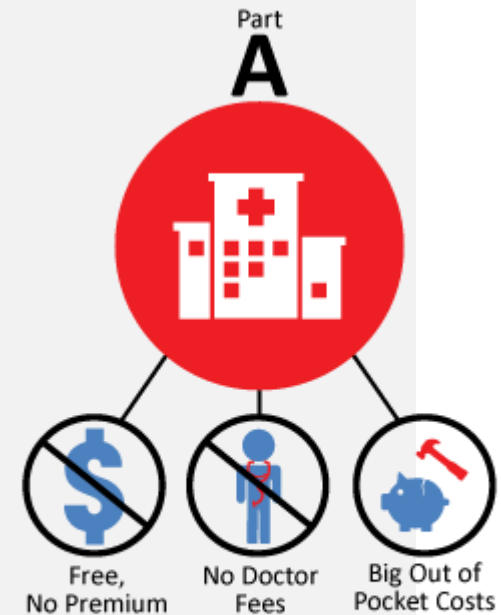
Retiree Health at 65 or older



Original Medicare

Part A

- Covers the cost of care in a facility – like a hospital, skilled nursing facilities or hospice.
- **Part A is free– no premium.***
- However, there are **significant out of pocket costs**
- It does not cover doctor fees – you must enroll in Part B
- Part A has a deductible and coinsurance during your hospital or facility stay

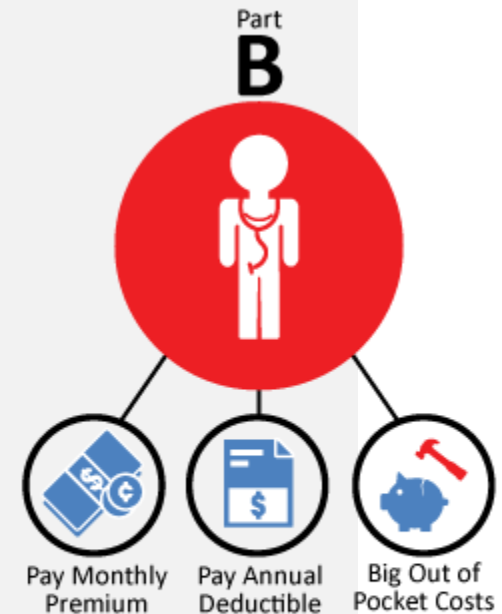


*If you or your spouse has worked for at least 10 years.

Original Medicare

Part B

- Covers **doctor services** in and out of the hospital and other services like surgery charges, physical therapy, anesthesia, etc.
- **You must pay a premium:**
 - currently costs an individual \$170.00 per month, if first enrolling in 2022.
 - There may be a penalty if you do not enroll when first eligible.
- Part B has an 2022 annual deductible of \$233 and also covers 80% of a Medicare participating provider's charges. You are responsible for the remaining 20%.
- **Your out of pocket cost for Part A and Part B can be very high!**

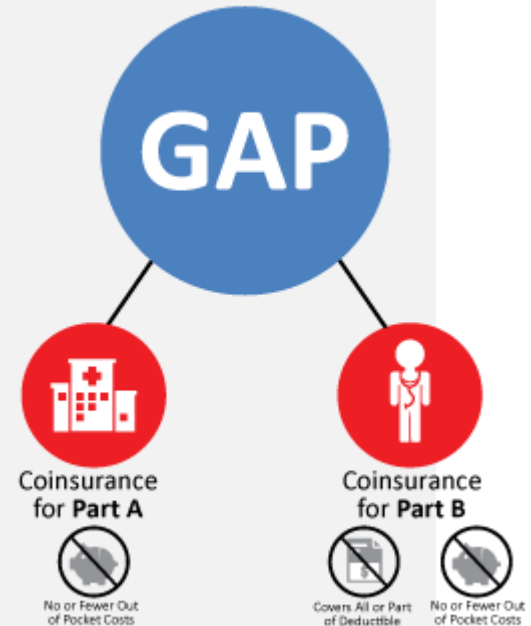


Original Medicare

Medigap or Medicare Supplement Plan

- Only available with Original Medicare
- Pays for part of deductibles and coinsurance for Part A and Part B.
- Offered by private insurance companies like Empire BlueCross BlueShield, Aetna, United HealthCare, Mutual of Omaha, etc.
- Multiple levels of coverage available that the individual can purchase.
- Cost of the plan varies based on the extent of the coverage selected by the individual.

Medigap or Medicare Supplement Plan (optional)



Original Medicare

Part D

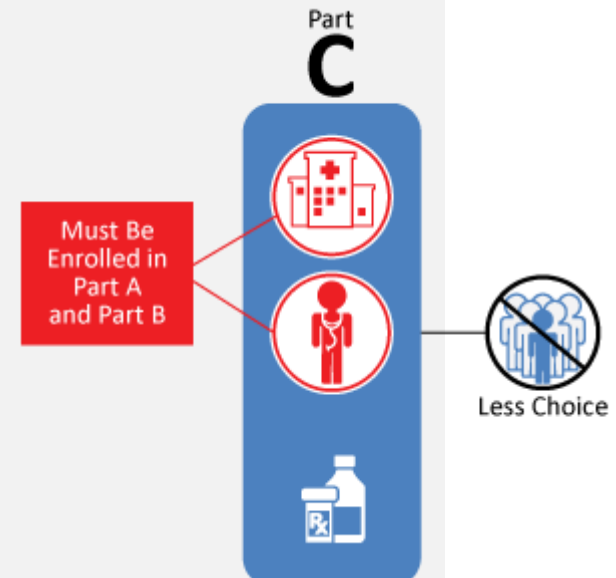
- Helps cover prescription drug costs.
- Run by Medicare-approved private insurance companies.
- Parts A and B have no drug coverage
- The 5 most popular Part D drug plans in NY can range in premiums from \$33.20- \$94.80 per month depending how rich a plan you select. You will also pay copays for your medications.
- There may be a penalty if you do not enroll when first eligible.



Medicare: Another Option

Part C – Medicare Advantage Plans

- **Less Choice of Doctors – PPO or HMO but Less Out of Pocket Cost**
- You must be enrolled in Medicare Parts A and B to enroll in a Part C plan
- Medicare Part C plans include coverage for hospital and physician care. Some plans also include prescription drug coverage
- The premium cost for a Part C plan will depend on the plan you select
- Many Part C plans in the NY area



Medicare: FAQ

“I am 75 years old and still working. Will I get penalized because I did not register for Medicare when I turned 65?”

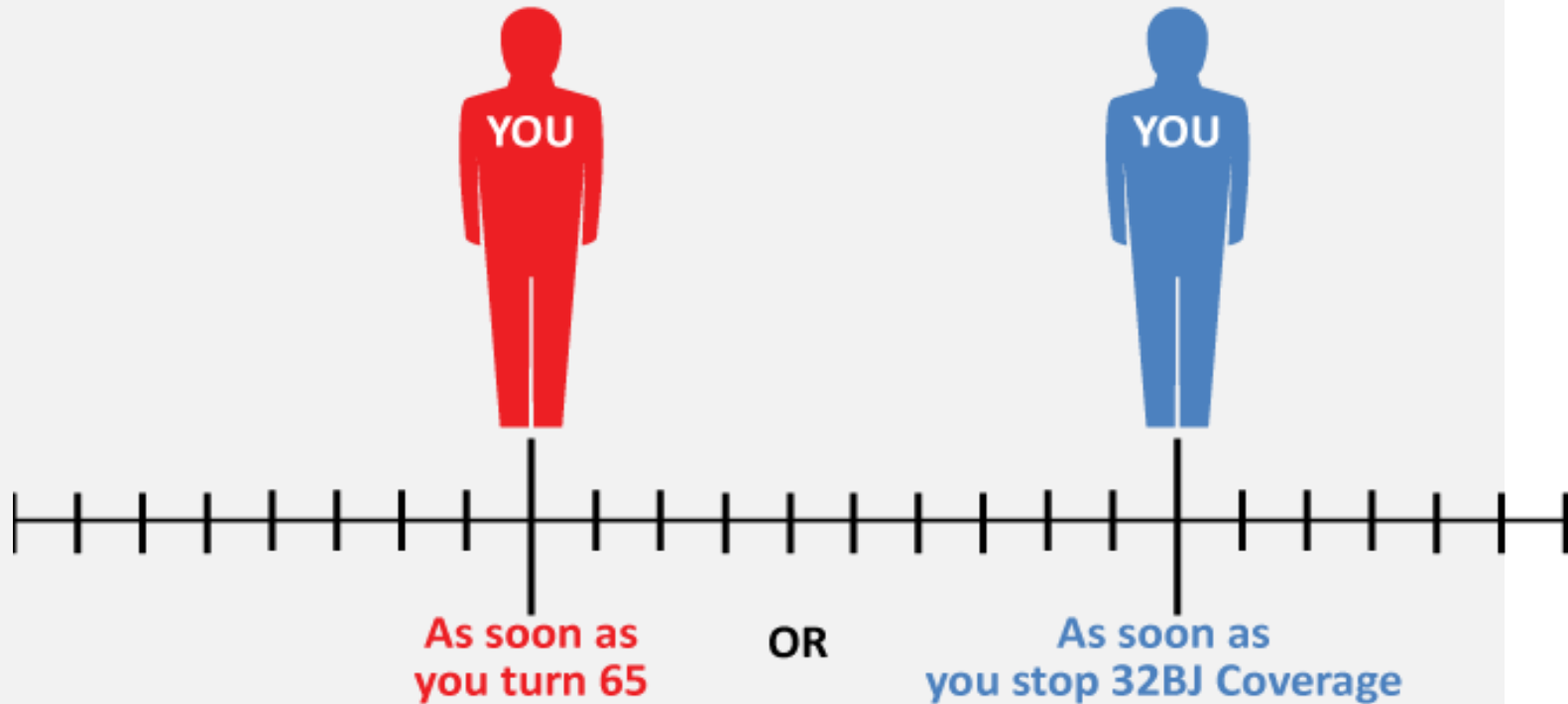
No, you will not get penalized as long as you are actively working full-time.

Once you know your retirement date and the date your coverage will end, sign up for Medicare to avoid being penalized or having a lapse in coverage.



Medicare: Don't Delay

Enroll in Part A and Part B:



If you delay enrolling: you face higher Part B and Part D premiums for the rest of your life and you may have to wait for a later enrollment period. This means you may not have coverage for another year.

More Information about Medicare

Visit the following websites for information regarding your Medicare Entitlement:

<https://www.medicare.gov/forms-help-and-resources/index.html>

<http://www.medicarerights.org>

<https://www.shiptacenter.org/>

Or call 1-800-MEDICARE (1-800-633-4227)



Supplemental Retirement Savings Plan

Basic features of the Supplemental Retirement Savings Plan (SRSP):

- ✓ The SRSP is a profit sharing plan with a 401(k) feature that allows you to save for retirement on a tax-deferred basis.
- ✓ Your employer makes contributions to the SRSP depending on your collective bargaining agreement.
- ✓ When taking withdrawals from a tax-deferred plan before age 59½, you may have to pay ordinary income tax plus a 10% federal penalty tax. The 10% penalty may not apply in some situations, including taking withdrawals after separation from service on or after age 55.
- ✓ You should consult your tax advisor to ensure that you understand your potential tax liability.



Supplemental Retirement Savings Plan

You may withdraw your funds when:

- ✓ You are eligible to retire (no longer work in covered employment)
- ✓ You become disabled (restrictions apply)
- ✓ You terminate employment before you are eligible to retire (there is a 180 day wait period to receive your funds)



Supplemental Retirement Savings Plan

You may elect to receive your funds the following ways:

- ✓ Lump sum – a one-time payment of your entire account balance
- ✓ Installments – equal monthly payments for 1 to 10 years
- ✓ Combined lump sum and installments

You may roll over your distribution to a financial institution.

If the value of your account is \$5,000 or less when you elect to take your distribution, the only distribution option available to you is a lump sum payment.



Retirement Planning Reminders

Send your “proof documents” the Fund office...

It's never too early to submit your birth certificate, your spouse's birth certificate and marriage certificate (if applicable) to the Fund office. Your annual pension estimates, as well as your pension benefits at retirement, are based on the information in these documents. Other proof documents may be acceptable in lieu of these documents. Please contact the Fund office if you need assistance.

When you move...

Remember to notify the Fund office when you move to assure that you receive all your important retirement plan information on time, each year.

When you experience a major life event...

Remember to notify the Fund office if you get married, divorced, or if your spouse passes away. This may affect the amount of your pension benefit when you retire.



Alive and Well

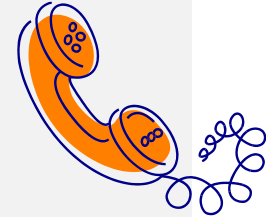
As pensioners, you will be asked to participate in the annual **Alive and Well** solicitation. The Pension Fund will send you documents to be completed by you in front of a notary public on a yearly basis. If you do not complete and return the documents or the documents are returned as undeliverable, your pension payments will be suspended until the completed documents are returned to the Pension Fund.



For More Information...

Please visit our **Welcome Center**:

- ✓ Monday-Friday: 8:30 a.m.- 6:00 p.m.



Call Member Services:

- ✓ 800-551-3225 Monday-Friday, 8:30 a.m. - 5:00 p.m.

Visit www.32bjfunds.org.

Contact John Hancock for SRSP assistance:

- ✓ 833-388-6466
- ✓ www.myjhportal.com/32BJ.

