

Retirement Planning Workshop

32BJ Pension Fund – Program D



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 Program D (formerly NCFO) pension plan works
- What you need to know about Social Security and Medicare
- 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:

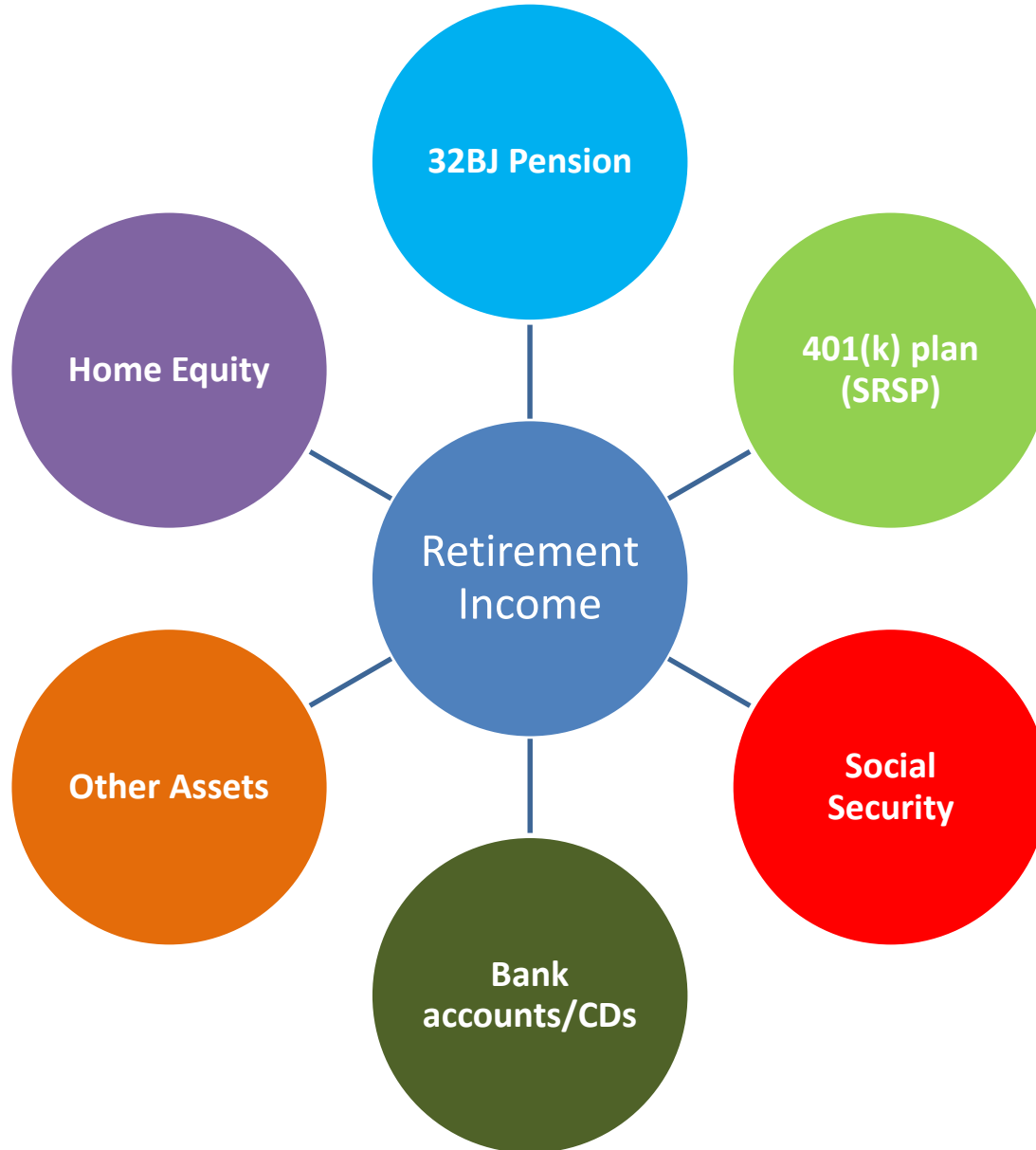
- Send you an estimate of your 32BJ Pension benefits and a retirement application package in the mail.
- Call you to set up an appointment to review your pension estimate and help you complete the application.
- Work with you until the application process is complete.

How to apply for pension benefits

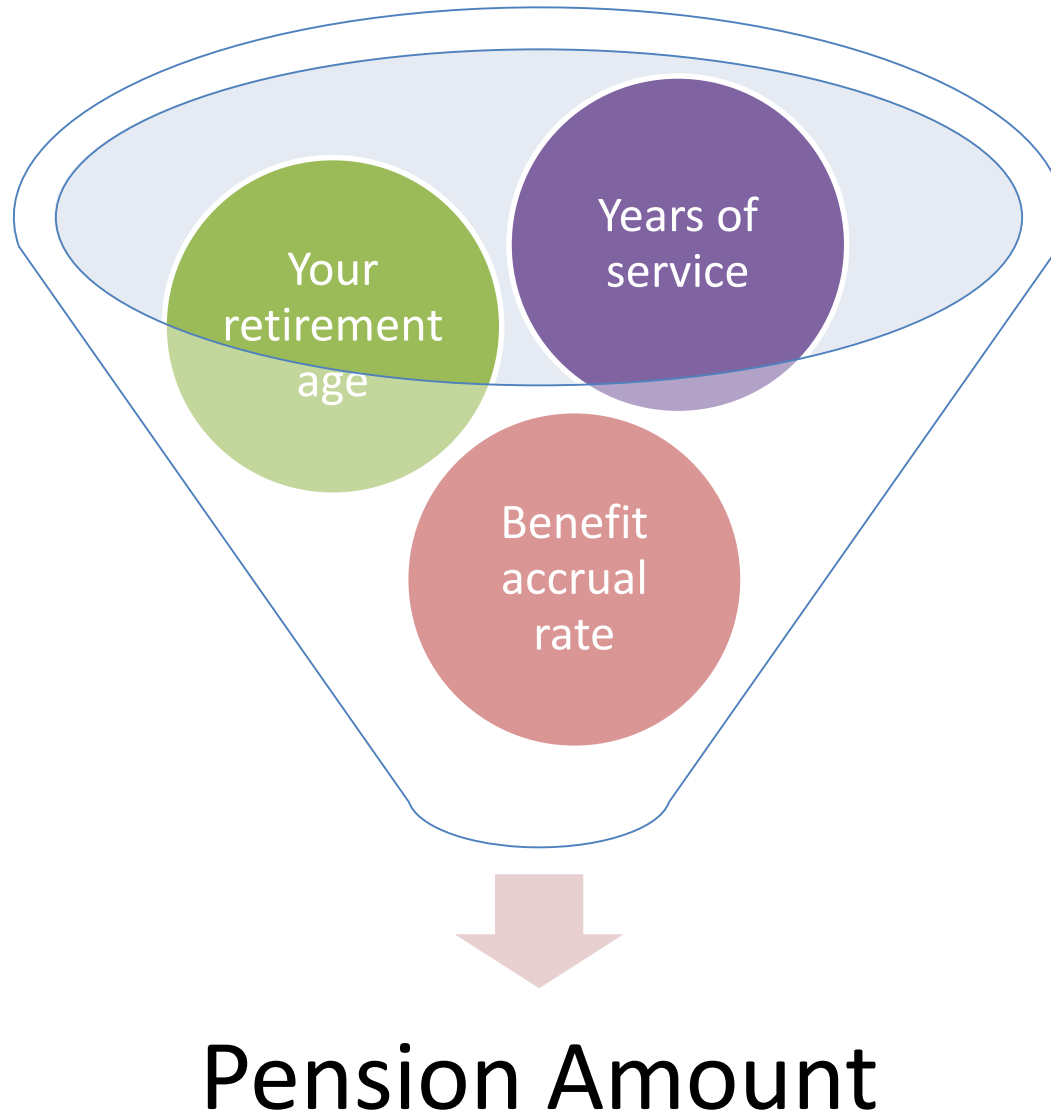
Your Retirement Counselor will provide information about:

- 32BJ Pension
- Social Security
- Medicare

Where your retirement money will come from



Overview of the 32BJ Pension Plan - Program D



Overview of the 32BJ Pension Plan - Program D

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

Overview of the 32BJ Pension Plan - Program D

- Program D was established on July 1, 2020 as the result of a merger between the National Conference of Firemen and Oilers National Pension Fund (NCFO) and the 32BJ Pension Fund

Plan rules and notes related to the Fund's merger into 32BJ Pension Fund are indicated in green boxes throughout the presentation.

Basic Rules of the Pension Plan

When do I Become a Participant of the Plan?

Your Participation date is the July 1 following completion of 750 hours of Covered Employment (exclusive of overtime) during the first 12 consecutive months beginning on your date of hire.

If you do not satisfy that requirement during the first 12 consecutive months following your date of hire, you will become a **Participant** in the **Plan** as of the July 1 immediately following the first **Plan Year** (July 1 to June 30) in which you complete at least 750 **Hours of Work** in **Covered Employment** (exclusive of overtime).

Transition Rule: An NCFO Plan Participant is a Participant in Program D on the NCFO merger effective date (July 1, 2020)

Basic Rules of the Pension Plan

What is Vesting?

- Vesting means that you cannot lose your pension benefits once you've reached the minimum number of years of Vesting Service.
- You earn a year of Vesting Service if you work 750 or more hours during the Plan Year (7/1 to 6/30).

Transition Note: Before July 1, 2020,
a Plan Year was January 1 to December 31.

Basic Rules of the Pension Plan

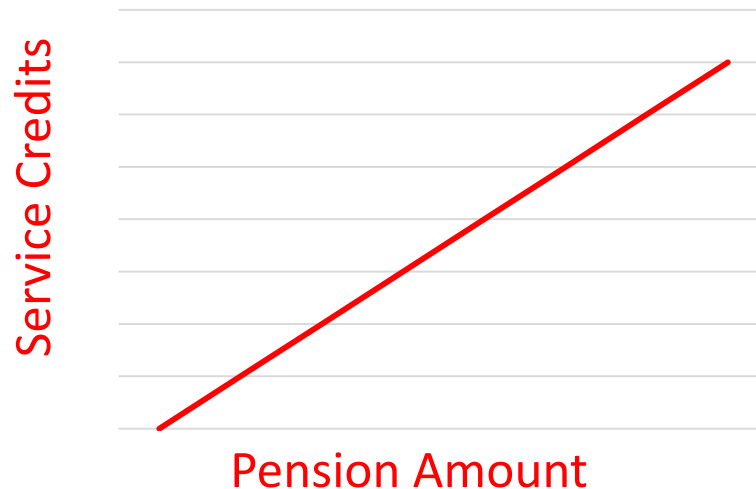
What is Vesting?

- Transition Rule: A Participant under Program D as of 7/1/2020, will be credited with one Year of Vesting Service for each of the following periods in which he worked at least 750 hours:
 1. The period from 1/1/2020 to 12/31/20
 2. The period from 7/1/2020 to 6/30/21
- You are 100 % vested once you complete 5 Years of Vesting Service

Basic Rules of the Program D Pension Plan

What are Service Credits?

- Service Credits are used to determine the amount of your Pension.
- The more Service Credits you have, the more your monthly pension will be.



Basic Rules of the Program D Pension Plan

- Service Credits under Program D are counted in months.
- Partial Service Credits are expressed as months, but they are based on the hours worked, not calendar months (e.g. if you worked 1,040 Hours of Service in 6 calendar months, you would earn seven months of Service Credit or 7/12 of a full Service Credit)
- You earn Service Credits for straight time hours worked for an employer that is required to contribute to the Plan for you.

Service Credits

Straight Time Hours of Service You Complete in a Plan Year (July 1 – June 30)	Months of Service Credit
Under 150	None
150 to 274	1
275 to 399	2
400 to 524	3
525 to 644	4
645 to 809	5
810 to 974	6
975 to 1,139	7
1,140 to 1,304	8
1,305 to 1,469	9
1,470 to 1,634	10
1,635 to 1,799	11
1,800 and over	12

Calculating Service Credits - Example

Work History

Last Date worked: 6/30/2021

Plan Year	Hours Worked	Vested Service (Years)	Service Credits (Months)
2020	1,000	1	6*
2019	1,000	1	7
2018	740	0	5
2017	760	1	5
2016	1,798	1	11
2015	2,000	1	12
2014	100	0	0

*Transition Rule: Before July 1, 2020, a Plan Year was January 1 to December 31.

For the transition period between January 1, 2020 and June 30, 2020, you can accrue a maximum of 6 months of service credit.

Types of Pensions

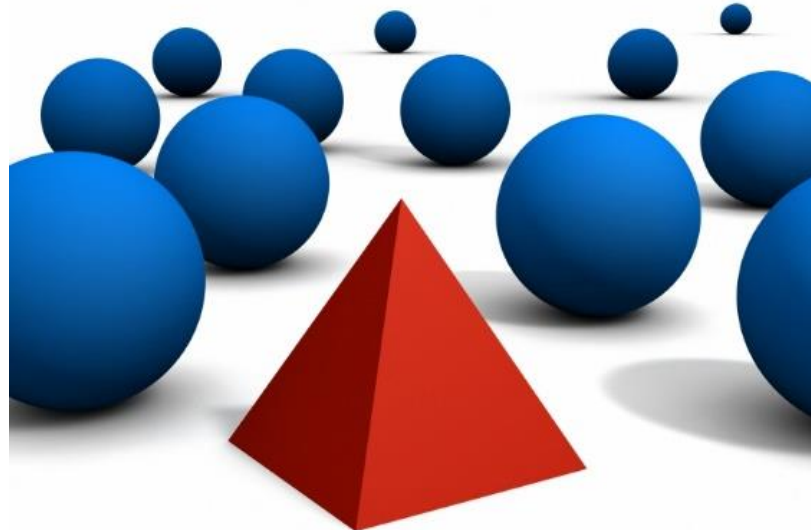
Regular

Early

Disability

Special Deferred

Basic Deferred



Types of Pensions Under Program D

Regular Pension

- Attained age 65 or on your 5th anniversary of Plan participation, whichever is later
 - Earned 10 full Service Credits (one of which was earned after the Contribution Date*)
 - Worked in Covered Employment for at least 500 Hours of Service in a Plan Year which began after attaining age 53
-
- Pension amount depends on number of Service Credits and the applicable benefit rate.
 - Benefit is based on a maximum of 30 Service Credits (using the 30 years that produce the highest benefit amount)

*Contribution Date: The date the first Contributing Employer made contributions on your behalf.



Types of Pensions Under Program D

Early Pension (Reduced for Early Commencement)

- Attained age 55
- Earned at least 10 full Service Credits (one of which was earned after the Contribution Date)
- Worked in Covered Employment for at least 500 hours in a Plan Year which began after attaining age 53.
- Pension amount depends on number of Service Credits and the applicable benefit rate(s).
 - Your monthly benefit will be reduced by $\frac{1}{2}\%$ for each month between the date your pension begins and age 65.
- Benefit is based on a maximum of 30 Service Credits (using the 30 years that produce the highest benefit amount)

Types of Pensions Under Program D

Special Deferred Pension

- Attained age 65 or your age on your 5th anniversary of Plan participation, whichever is later
- Earned at least fifteen (15) full Service Credits (five of which were earned after the Contribution Date)
 - Left Covered Employment after attaining age 50
- Pension amount depends on number of Service Credits and the applicable benefit rate.
- Benefit is based on a maximum of 30 Service Credits (using the 30 years that produce the highest benefit amount)

Types of Pensions Under Program D

Basic Deferred Pension

- Attained age 65 or your age on your 5th anniversary of Plan participation, whichever is later

Earned *at least* one of the following:

*5 Years of Vesting Service

*10 years of participation in the Plan

*5 Service Credits *and* has worked at least 500 hours of Service in a Plan Year after age 62

- Pension amount depends on number of Service Credits and the applicable benefit rate.
- Benefit is based on a maximum of $33\frac{1}{3}$ Service Credits (using the $33\frac{1}{3}$ Service Credits that produce the highest benefit amount)
- Benefit amount is 10% less than the amount for a Regular, Early, or Special Deferred Pension

Types of Pensions Under Program D

Disability Pension

- Permanent and Total Disability after age 45 but before 65 (as evidenced by a Social Security Disability Notice of Award)
 - Earned Fifteen (15) full Service Credits at least one of which was earned after your Contribution Date
 - Worked in Covered Employment for at least 500 Hours of Service in the 12 months immediately preceding your disability date
-
- Pension amount depends on number of Service Credits and the applicable benefit rate.
 - Benefit amount is based on Early Pension and then increased by 10%
 - If you are between the ages 45 and 55, the amount of the benefit will be calculated as if you were age 55 on the date benefits begin
 - The benefit amount cannot exceed the Regular Pension amount payable at age 65.

How to Calculate Your Program D Pension Benefit

Your Service Credits x Benefit Rate in effect on
12/31/2007 (or the date you last worked, if earlier)



Your 2008 Service Credit x Benefit Rate in effect on
1/1/2008



Your Service Credit x Benefit Rate from 2009 and
onward



Total Pension Benefit

How to Calculate Your Program D Pension Benefit

Example:

Alex worked for a Preferred Schedule employer. His monthly Benefit Rate was \$71.35. As of 12/31/2007, he had accrued 15 Service Credits:

$$15 \times \$71.35 = \$1,070.25$$

In 2008, he earned an additional Service Credit. His Benefit Rate was still \$71.35 in 2008:

$$1 \times \$71.35 = \$71.35$$

In 2009, the Funding Improvement Plan was adopted. His Benefit Rate was reduced by 30% to \$49.95. The Benefit Rate was frozen at that level.

Alex earned ten years of Service Credit from 2009 to 2019:

$$10 \times \$49.95 = \$499.50$$

How to Calculate Your Program D Pension Benefit

On July 1, 2020, the NCFO Fund merged with the 32BJ Pension Fund. Between January 1, 2020 and July 1, 2020, he earned $\frac{1}{2}$ a full Service Credit:

$$\frac{1}{2} \times \$49.95 = \$24.98$$

Alex retired on July 1, 2021, at age 65, earning another Service Credit:

$$1 \times \$49.95 = \$49.95$$

Alex's total Monthly Benefit at age 65 is as follows:

Accrued Benefit as of 12/31/2007	\$1,070.25
2008 Benefit	\$71.35
Accrued Benefit from 1/1/2009 to 12/31/2019	\$499.50
2020 Transition Year Benefit	\$24.98
2021 Benefit	\$49.95
Total Monthly Benefit at age 65	\$1,717.00*

*Benefits are rounded up to the next higher whole dollar amount



How Will My Pension Be Paid

Single

Married



How Will My Pension Be Paid

If Single: Single Life Pension with 60 Months Guaranteed

- ✓ Pays a benefit for participant's lifetime.
- ✓ If the participant dies before receiving 60 monthly payments, named beneficiary will receive the same payment for the balance of the 60 month guarantee period.

Other options if you are Single:

- ✓ Single Life with 120 Months Guaranteed – If participant dies before receiving 120 monthly payments, named beneficiary will receive the same payment for the balance of the 120 month guarantee period.

How Will My Pension Be Paid

If Married: 50% Joint & Survivor Pension

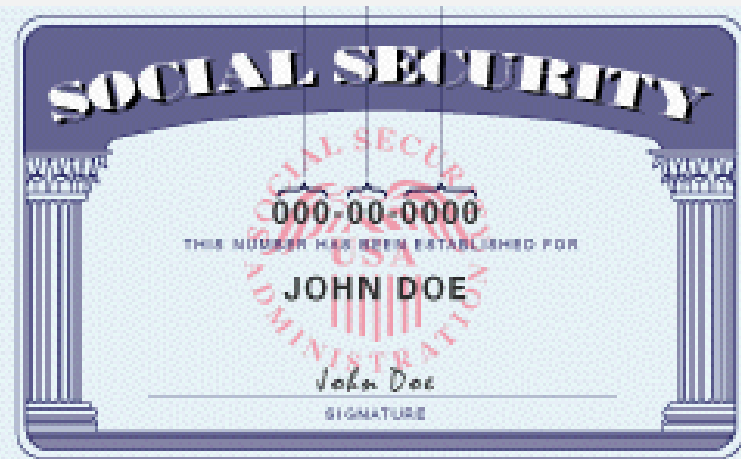
- ✓ Pays a benefit for participant's lifetime.
- ✓ If participant dies before his/her spouse, the spouse will receive 50% of the pension amount the participant was receiving prior to death.

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 with 60 Months Guaranteed – If participant dies before receiving 60 monthly payments, named beneficiary will receive the same payment for the balance of the 60-month guarantee period. Spouse's consent is required to waive his/her right to survivor benefits.
- ✓ Single Life with 120 Months Guaranteed – If participant dies before receiving 120 monthly payments, named beneficiary will receive the same payment for the balance of the 120 month guarantee period. Spouse's consent is required to waive his/her right to survivor benefits.

Social Security Benefits

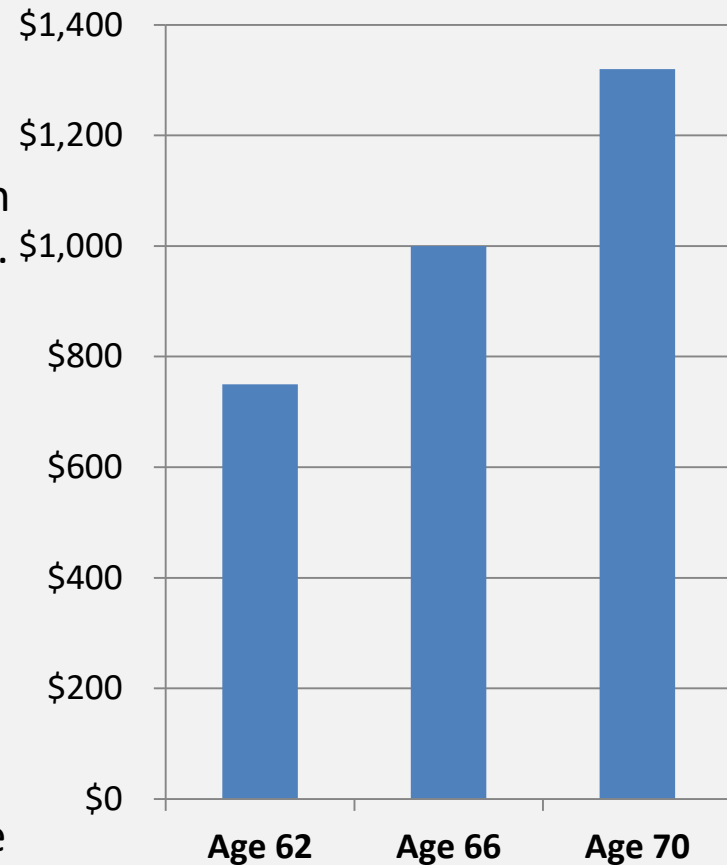
- Social Security will provide you a monthly payment for life.
- Social Security will not fully replace your income from work.
- Your 32BJ Pension, your SRSP account and your personal savings will supplement Social Security.
- Unlike pension, your Social Security is adjusted for inflation.
- The average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

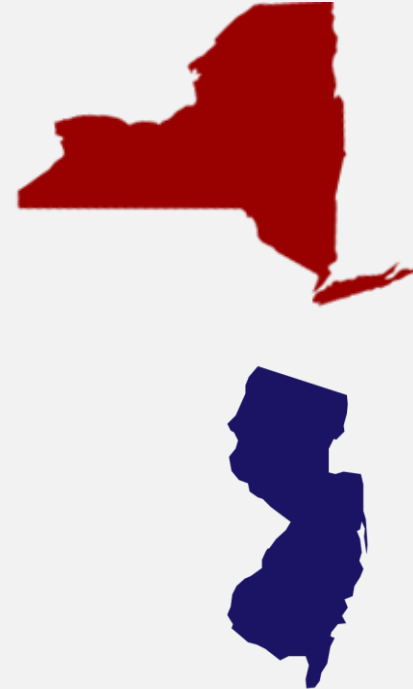
Example: If your full benefit is \$1,000 at age 66, at age 62 you would receive \$750, at age 70, \$1,320.



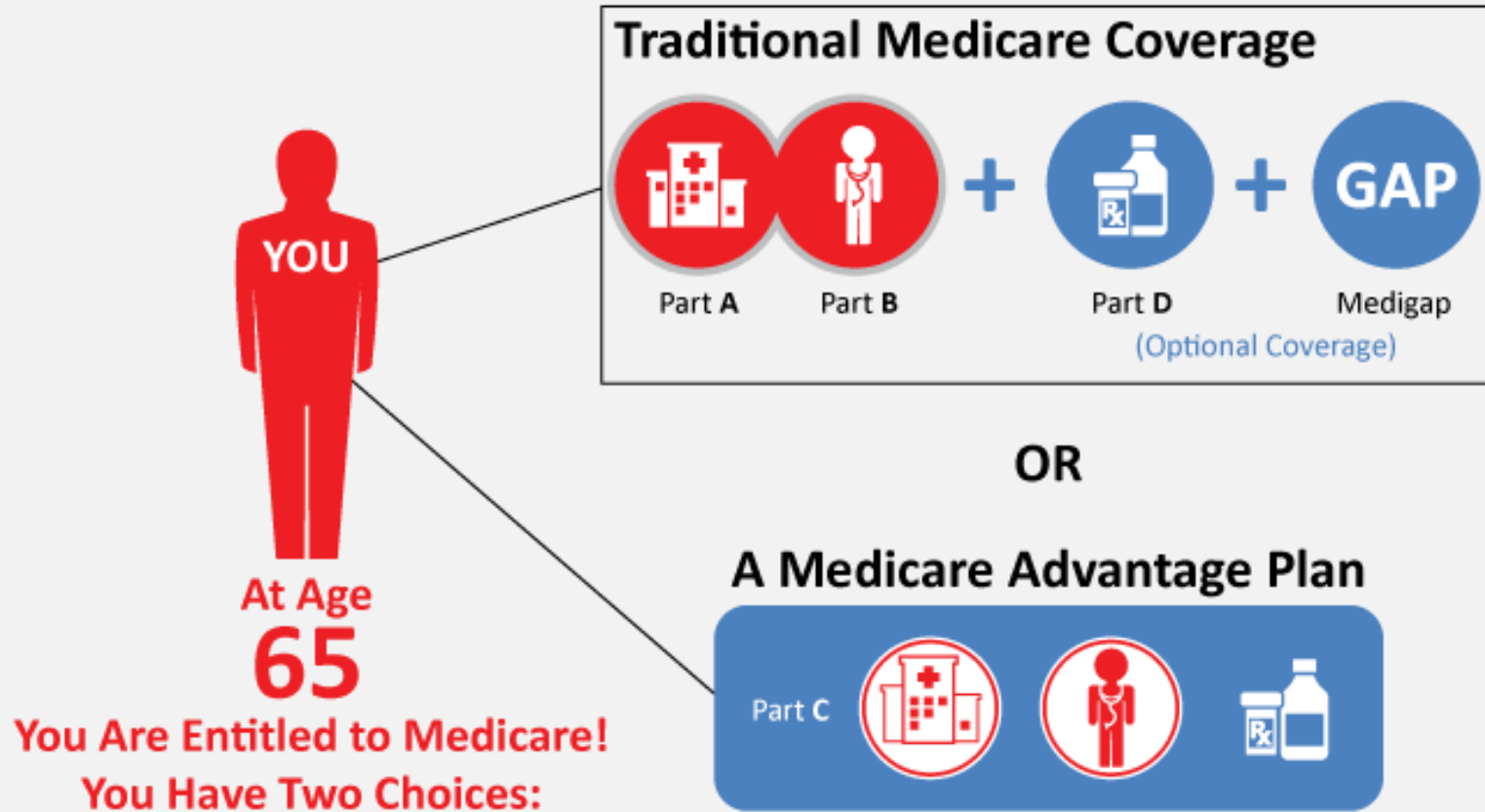
Health under 65:

Insurance Marketplace (Obamacare)

- New York <https://nystateofhealth.ny.gov/>
- New Jersey <https://www.healthcare.gov/>
- All other states:
<https://www.healthcare.gov/marketplace-in-your-state/>



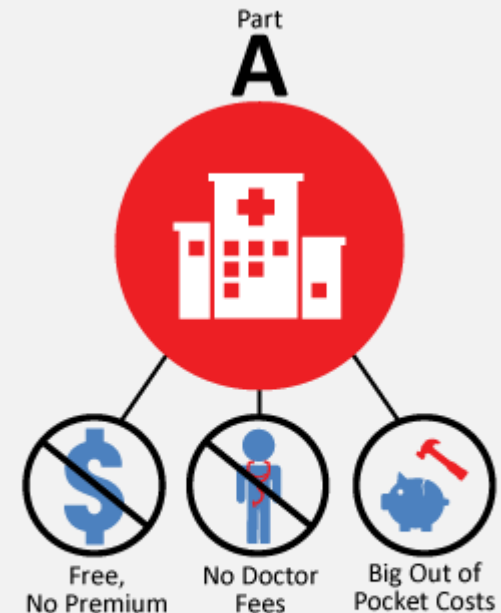
Retiree Health at 65 or older



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!**

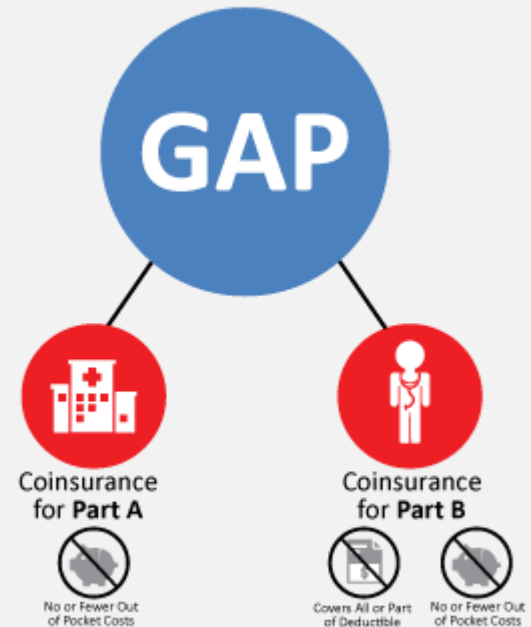


Original Medicare

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

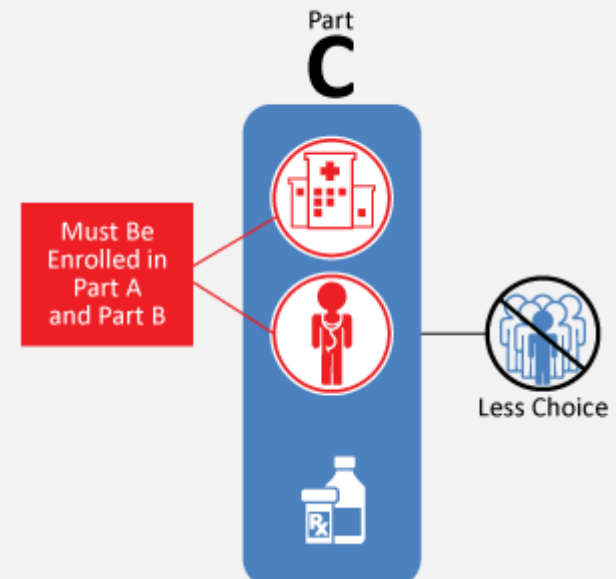
- Helps cover prescription drug costs.
- Run by Medicare-approved private insurance companies.
- Parts A and B have no drug coverage
- The 5 most popular Part D drug plans in NY can range in premiums from \$33.20- \$94.80 per month depending how rich a plan you select. You will also pay copays for your 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

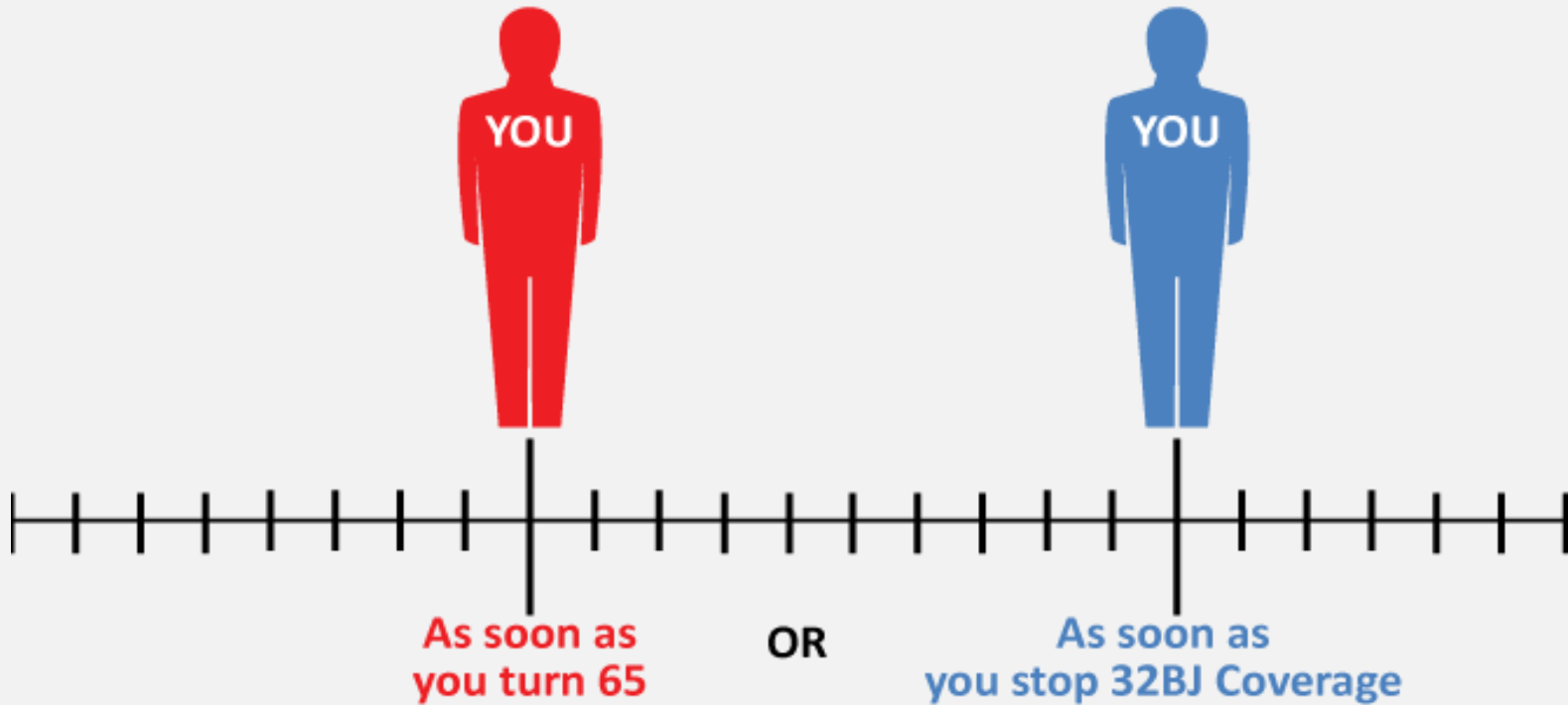
“I am 75 years old and still working. Will I get penalized because I did not register for Medicare when I turned 65?”

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)



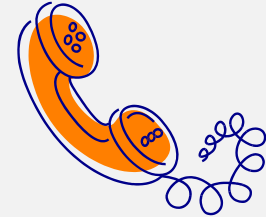
Alive and Well

Please also note, as pensioners, you may receive an annual solicitation called **Alive and Well**. The Pension Fund will mail out documents to be completed by you in front of a notary on a yearly basis. If you do not complete the documents or the documents are returned because they are undeliverable, your pension payments will be suspended until the 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.

