Resource

The ABC-NABET Retirement Trust Plan Newsletter

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Contract between Disney ABC and NABET-CWA ratified!

As you know, earlier this year a new four-year contract with Disney ABC (the "Company") was approved by the ABC members of NABET-CWA, after the unanimous recommendation of the NABET bargaining committee. The following explains how the new agreement affects your Retirement Plan benefits.

Your pension from the Retirement Plan is based on a formula that takes into account your final average pay and years of service. This formula was the subject of much discussion during the most recent negotiations between ABC and NABET, and has been revised in the new contract, as described below.

For years 2004-2006

As reported in the October 2006 edition of *Resource*, the actuaries had reviewed the financial position of the Retirement Plan. The purpose of the review was to determine if there were enough plan assets — relative to the liabilities — to increase the benefit accrual rate for years 2004 through 2006.

The requirements for an increase were met. The bargaining parties agreed to instruct the Trustees to grant a retroactive increase in the accrual rate from 0.65% to 1.68%. That means, as long as you were an active employee on June 30, 2006, your pension was recalculated for the period 2004 – 2006 using the higher rate. If you were not actively employed on that date, your pension was not recalculated.

For 2007

As of 2007, the rate reverted to 0.65%. However, as a result of the recent collective bargaining negotiations, as long as you were an active employee on the date the new contract was ratified (January 11, 2008), the pension you earned in 2007 was recalculated based on the higher accrual rate of 1.68%, in place of 0.65%. If you were not an active employee (or treated as an active employee under the Plan rules) on January 11, 2008, then the lower (0.65%) rate still applied.

Terms to know…

- ***Accrual rate*** *is the rate at which you earn pension benefits under the Retirement Plan. For example: in 2008, the plan formula is 0.65% x final average pay x years of service. In this case, 0.65% is the accrual rate.*
- ***Assets*** *include employer contributions and related investment earnings. The plan assets are used to provide pension benefits from the Retirement Plan.*
- ***Liabilities*** *include benefit payments and plan-related expenses.*

For 2008

The accrual rate for 2008 is 0.65%. This rate cannot be reduced.

For 2009 and beyond

Within the next few months, the actuaries will perform an annual review of the Plan's financial position, similar to the one they did back in 2006. If the Plan meets the necessary financial benchmarks — as negotiated by the bargaining parties — the 2009 accrual rate for active employees will remain at 0.65%. If the Plan falls below these benchmarks, the rate may be reduced below 0.65%. A similar review will be repeated by the actuaries in mid-year 2009 and mid-year 2010 to determine the accrual rates for years 2010 and 2011. Again the options are:

1. keep the formula at 0.65% or
2. reduce the rate below 0.65%

"Look-back" opportunity

In addition to the above changes, the new contract provides a "look-back opportunity" relating to the accrual rate for 2008-2010. In early 2011, the Plan actuary will once again review the financial position of the Plan, based on set criteria. If all is well and good, the rate may *increase* to as much as 1.80%, *retroactively* for 2008, 2009 and 2010.

What if you plan to retire soon?

Remember that any reduction in the accrual rate for 2009, 2010 and 2011 will be determined in the prior year. Also remember that a potential "look-back" rate increase for 2008-2010 will be determined in early 2011.

If you retire during the "look-back" period (2008 through 2010) and the rate is retroactively adjusted to a higher rate, your pension will also be adjusted.

Here's an example:

Let's take a step into the future and assume today is August 1, 2011. Joe Employee retired in December 2009 has been collecting his pension since January 1, 2010, based on an accrual rate of 0.65%. Early in 2011, the actuaries re-assessed the plan and the rate was increased to 1.80% retroactively for calendar years 2008-2010.

In this case, Joe's pension is re-calculated for 2008 and 2009 (the period that he was still employed and earning pension benefits from the Retirement Plan). Joe will receive a single retroactive payment for any additional pension he is due, and the rate increase will be reflected in his future monthly payments from the Plan.