

## Pension Benefit Improvements for UPS and UPS-CSI Active Participants

The Board of Trustees of the Local 705 Pension Fund have just approved benefit improvements for active UPS and UPS-CSI participants to be effective January 1, 2022.

The improvements include an increase in the basic benefit accrual rate for future retirees, an increase in the partial lump sum for participants eligible for a UPS Service Pension, a new partial lump sum option for participants eligible for a UPS-CSI Service Pension, and an additional increase to the Service Pension for active employees with at least 30 years of future benefit service.

Here is a breakdown of the benefit improvements.

### (1) Increase in basic benefit accrual rate for future service:

This change will result in increases for both the Normal and Service Pensions.

➤ Normal Pension:

The benefit accrual rate for future benefit service accrued on and after January 1, 2022 would be increased by \$4.40 from \$108.00 to \$112.40 for UPS employees and from \$85.00 to \$89.40 for UPS-CSI employees.

➤ UPS and UPS-CSI Service Pension:

The following table shows the amount of the monthly benefit for participants retiring with at least 25 years of future benefit service before and after the change effective January 1, 2022:

Years of Future Benefit Service	UPS Before the Change	UPS After the Change	UPS-CSI Before the Change	UPS-CSI After the Change
25	\$2,700.00	\$2,810.00	\$2,500.00	\$2,610.00
26	2,808.00	2,922.40	2,600.00	2,714.40
27	2,916.00	3,034.80	2,700.00	2,818.80
28	3,024.00	3,147.20	2,800.00	2,923.20
29	3,132.00	3,259.60	2,900.00	3,027.60
30 or more	3,840.00 <sup>a</sup>	3,972.00 <sup>b</sup>	3,300.00 <sup>c</sup>	3,432.00 <sup>d</sup>

*a An additional \$108.00 per month for each year of service greater than 30*

*b An additional \$112.40 per month for each year of service greater than 30*

*c An additional \$100.00 per month for each year of service greater than 30*

*d An additional \$104.40 per month for each year of service greater than 30*

**(2) Increase in the Partial Lump Sum payment option for participants eligible for a UPS Service Pension and the addition of a new Partial Lump Sum payment option for participants eligible for a UPS-CSI Service Pension:**

Participants eligible for the UPS Service Pension are currently eligible for a partial lump sum payment of their accrued benefit up to \$8.00 per year of future benefit service. The amount of the monthly accrual benefit subject to the partial lump sum option would also be increased by \$4.40 per year of future benefit service from \$8.00 to \$12.40.

Participants eligible for the UPS-CSI Service Pension currently are not eligible for a partial lump sum for their accrued benefit. Under this change, they will be eligible for a partial lump sum payment of their accrued benefit up to \$4.40 per year of future benefit service.

The table below shows the portion of the monthly accrued benefit that can be converted into a lump sum payment for qualifying UPS and UPS-CSI participants before and after the change effective January 1, 2022:

Years of Future Benefit Service	UPS Participants		UPS-CSI Participants	
	Before the Change	After the Change	Before the Change	After the Change
25	\$200.00	\$310.00	N/A	\$110.00
26	208.00	322.40	N/A	114.40
27	216.00	334.80	N/A	118.80
28	224.00	347.20	N/A	123.20
29	232.00	359.60	N/A	127.60
30 or more	240.00*	372.00**	N/A	132.00***

\* An additional \$8 for each year of service greater than 30

\*\* An additional \$12.40 for each year of service greater than 30

\*\*\* An additional \$4.40 for each year of service greater than 30

*The examples below are for illustrative purposes only. Lump sum amounts will vary for each individual based on personal demographics and actuarial factors (i.e., sex, age, life expectancy, interest rates at the time of retirement, etc.).*

[Example 1] Under the current provision, if a UPS employee retires at age 57 with 28 years of Future Benefit Service this year before the change, he would be entitled to convert \$224.00 of his monthly pension into a lump sum of \$32,650. After the change, he would be entitled to convert \$347.20 of his monthly benefit into a lump sum of \$50,607.

[Example 2] Under the current provision if a UPS employee retires at age 68 with 36 years of Future Benefit Service this year before the change, he would be entitled to

convert \$288.00 of his monthly pension into a lump sum of \$51,037. After the change, he would be entitled to convert \$446.40 of his monthly benefit into a lump sum of \$79,108.

[Example 3] Under the current provision, a UPS-CSI employee is not eligible for lump sum option. After the change, a UPS-CSI employee retiring at age 68 with 36 years of Future Benefit Service would be entitled to convert \$158.40 of his monthly pension into a lump sum of \$28,051.

**(3) Additional increase to Service Pension for active employees with at least 30 years of future benefit service:**

The benefit improvement under Section 1 above would increase the monthly UPS Service Pension and UPS CSI Pension by \$132 for participants with 30 years of future benefit service. An additional increase of \$168 would bring the total increase to \$300 for these employees. The table below shows the amount of service pension before and after the change (including the improvement described in Section 1) effective January 1, 2022:

<b>Years of Future Benefit Service</b>	<b>UPS Before the Change</b>	<b>UPS After the Change</b>	<b>UPS-CSI Before the Change</b>	<b>UPS-CSI After the Change</b>
25	\$2,700.00	\$2,810.00	\$2,500.00	\$2,610.00
26	2,808.00	2,922.40	2,600.00	2,714.40
27	2,916.00	3,034.80	2,700.00	2,818.80
28	3,024.00	3,147.20	2,800.00	2,923.20
29	3,132.00	3,259.60	2,900.00	3,027.60
30 or more	3,840.00 <sup>a</sup>	4,140.00 <sup>b</sup>	3,300.00 <sup>c</sup>	3,600.00 <sup>d</sup>

*a An additional \$108.00 per month for each year of service greater than 30*

*b An additional \$112.40 per month for each year of service greater than 30*

*c An additional \$100.00 per month for each year of service greater than 30*

*d An additional \$104.40 per month for each year of service greater than 30*