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THE NEWSPAPER GUILD INTERNATIONAL PENSION FUND PLAN CHANGES & FREQUENTLY ASKED QUESTIONS

What is happening?

On November 17, 2015, the Trustees of The Newspaper Guild International Pension Fund (IPF) adopted an updated and amended Rehabilitation Plan, which includes a freeze of the current defined benefit pension plan (DB Plan) and the establishment of a new NewsGuild-CWA Adjustable Pension Plan (the Guild APP). Please refer to the attached notice for more information about these changes.

Why?

The IPF was determined to be in critical financial status (the Red Zone) in 2010 due to economic challenges and pension law requirements. In response, the IPF Trustees instituted a Rehabilitation Plan in an effort to stabilize the IPF. It wasn't enough.

What will happen to the frozen DB Plan?

Freezing the DB Plan will preserve and protect the accrued benefits earned by current participants as of January 1, 2016. Current participants in the DB Plan who are not yet vested will continue to accrue vesting credit towards a vested benefit.

Will participants receive a pension from the DB Plan?

Yes. When an individual participant retires he or she will receive their accrued vested benefit based on years of employment with the participating employer prior to January 1, 2016. Participants will receive a statement of estimated benefits from the IPF Office following the freeze of the DB Plan. As of January 1, 2016, active participants will begin accruing a new pension benefit under the Guild APP. Upon retirement, the participant will receive their accrued vested benefits under both the DB Plan and the Guild APP.

Will current retirees be affected by the freeze to the DB Plan?

No. The freeze to the DB Plan will not impact current TNGIPF retirees who are collecting a retirement benefit, unless they decide to return to work.

What type of pension plan is the Guild APP?

It is a retirement program designed to guarantee a lifetime monthly payment in the form of an annuity that is generated from the accumulation of annual accrued benefits earned and locked in over an employee's career. However, unlike the current DB Plan, future accruals under the Guild APP will adjust each year based on the Plan's annual funding status.

Does the Guild APP fulfill pension law requirements?

Yes. Similar plans have been negotiated by The NewsGuild-CWA with the New York Times and Consumer Reports, and have been approved by the IRS and are insured by the Pension Benefit Guaranty Corporation (PBGC).

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Who will pay for the Guild APP?

A portion of the current contributions used to fund the DB Plan will be re-directed by the IPF Trustees to the Guild APP to fund a new retirement benefit.

Will employers still be required to make pension contributions?

Yes, current participating employers will be required to pay into the IPF the amounts negotiated under the collective bargaining agreements with their respective Guild locals. The IPF Trustees will divide those contributions with 69 percent currently continuing to fund the DB Plan and 31 percent diverted to the Guild APP.

Will employers be required to increase their current contribution rates?

No, if the bargaining parties choose the new Preferred 2.0 Schedule, there is no required contribution increase. Preferred 2.0 requires a 5-year commitment to the IPF, just like the old Preferred Schedule.

What if the bargaining parties negotiate an increased contribution rate?

Under the Preferred 2.0 Schedule, any increase in contributions beyond the current contribution rate will go 100% towards building a benefit in the Guild APP. Given the Guild APP plan design, the increased contribution will leverage a significantly greater benefit in the Guild APP. However, this is true only under Preferred 2.0. Any supplemental contribution increases received under Preferred Schedule 1.0 or the Default Schedule will remain in the DB Plan and will not increase accruals in the Guild APP.

What assurances are there that the Guild APP won't have funding issues similar to the DB Plan?

The Guild APP adjusts accrual rates each year based on the Plan's annual funding status, and limits the investment risk for retirees, both of which guard against unfunded vested liabilities. The Guild APP limits the risk for contributing employers by providing greater stability including predictable costs and a significantly lower risk profile.

Will current participants be vested in the Guild APP?

All years of service prior to January 1, 2016 in the DB Plan will count towards vesting requirements in the Guild APP. If an employee is vested in the DB Plan (earned after 5 years), they will automatically be vested in the Guild APP, and will receive pension benefits from both pension plans.

Will new employees of the current participating employers be included in the Guild APP?

Yes. They will earn retirement benefits under the Guild APP. They will not earn retirement benefits under the frozen DB Plan, however the employer will make contributions to both the DB Plan and the Guild APP.

Can new employers join?

Yes. The NewsGuild-CWA plans to aggressively market the Guild APP to new employers. Additional employers will increase the funding and ultimately future retirement benefits.

How much will the retirement benefit be from the Guild APP? The ultimate benefit paid from the Guild APP will be dependent on investment performance and growth of the Plan. As the Guild APP grows in size, the risk and costs are spread over a larger pool, which will lead to better benefits. In addition, the accruals in the plan will change and be locked in each year based on the funded status of the Guild APP. By utilizing more conservative assumptions and making annual adjustments to account for the funded status of the plan, the Guild APP will stay better funded. It is important to note that no adjustments are made to the benefits after you retire. Finally, any increase in the current contribution rate under Preferred Schedule 2.0 would leverage significantly higher accruals from the Guild APP.