



CENTRAL STATES  
PENSION FUND

# Providing Lifetime Retirement Security For Over 65 Years...

Central States Pension Fund



*As one of the largest pension funds in the country,  
Central States has nearly 1,000 participating employers.*



# Promises Made...Promises Kept Since 1955.

For more than half a century, Central States Pension Fund has blazed a trail to retirement security for nearly a million participants, retired Teamsters, and their family members and revolutionized the pension world of American workers. Established in 1955 to provide lifetime monthly retirement benefits to Teamsters in the trucking industry, Central States has paid over **\$85 billion** in lifetime retirement benefits.

## History

To look at this success in a historical perspective, Central States was the first of what would be over 80 different Teamster multi-employer pension plans that were established in the mid-1950's after Congress passed the Taft-Hartley Act. The union and employer leaders of that era had the foresight to know that Social Security alone was not going to be sufficient to provide a secure income after retirement. The creation of Central States Pension Fund was paramount to the successful growth of the Teamsters Union and unionized employers.

But what is more important is that while the plan was established on a nickel an hour from National Master Freight Teamsters, today over 650,000 Teamsters and spouses have received benefits from Central States.

## Today

Today, Central States has nearly 1,000 contributing employers representing approximately 50,000 active participants in a variety of industries. This includes trucking, car haul, warehouse, construction, food processing, dairy and grocery trucking; allowing participants portability in moving to other employers participating in the Fund.

As of 2023, Central States is approximately 95% funded with a highly conservative investment strategy to reach full funding in coming years. Additionally, with an eye on growing the Fund while also providing protection for our employer partners, Central States introduced the New Employer Hybrid Plan in 2011. The Hybrid Plan protects new employers joining the Fund from withdrawal liability. As of 2023, the New Employer Pool – also known as the Hybrid Plan, is over 140% funded, and is expected to never have withdrawal liability in the future.

More information on the Hybrid Plan can be found on page 7. Central States Pension Fund remains a solid retirement investment for our participating employers, active members, future retirees, and retirees.

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Over 65 years of satisfied retirees! Central States Pension Fund has paid over \$85 Billion in benefits.



Central States Pension Fund, established in 1955, is one of the largest multiemployer Taft-Hartley defined benefit pension plans in the country. The Pension Fund is jointly administered by an eight-member Board of Trustees consisting of four Employee/Union Trustees and four Employer Trustees.

Retirement benefits are funded not by union dues, but by employer contributions paid on behalf of employees working under Teamster collective bargaining agreements. The first employer contributions were at the rate of \$2.00 per employee per week. The first retirement benefits were paid in 1957. Today, employers can enter the Fund at a contribution rate determined by the parties through collective bargaining.

Our contributing employers include national companies:

- ABF
- YRC Freight and Holland
- Prairie Farms Dairy
- Grupo Bimbo
- Associated Wholesale Grocers
- Crowley Liner Services
- DHL
- Nestle USA
- US Foods Inc
- Cassens Transport
- Aramark Inc.
- Spartan Stores

# Safe and Secure Lifetime Retirement Benefits For Your Employees

## A multiemployer defined benefit pension plan

This means that many different employers contribute to the Pension Trust on behalf of their covered workers. Central States Pension Fund is a qualified plan under federal tax law.

According to the Employee Retirement Income Security Act, there are two types of pension plans:

- Defined benefit (DB) plans like a monthly lifetime benefit from Central States Pension Fund; and
- Defined contribution (DC) plans, like retirement savings plans

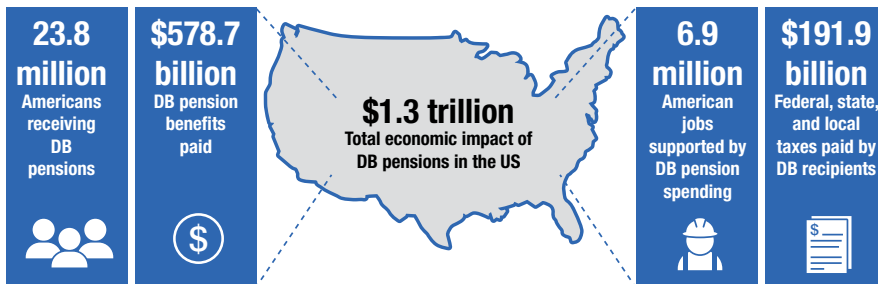
## Peace of Mind

Central States Pension Fund provides more than just lifetime retirement benefits to your employees. It protects participants if they become totally and permanently disabled before retirement—and can also provide monthly income security to a retiree’s surviving spouse.

## Employee retention

Pension benefits grow based on the employee’s employment. The longer an employee stays in covered employment, the more dollars that are contributed and the higher their retirement benefits will be, which is a great incentive for employees to stay with their company.

Today, benefits are based on a percentage of contributions paid into the Plan on an employee’s behalf as negotiated in the collective bargaining agreement.





## Special Benefits for Employees Joining Central States in a New Group

### Vesting Service for Past Employment

Each covered employee at the time of acceptance of the new group will receive Vesting Service for all of their continuous past employment with the employer. By receiving Vesting Service, the employees will establish a right to a pension benefit faster than most pension programs. **Once the employee has 5 vesting years, they become fully vested.**

### One-for-One Past Service Credit

Central States also offers Past Service Credit for an employee's past employment in a non-management role with the company. For each year of credit earned through employer contributions the employee can be granted an additional year of credit (Non-Contributory Credit) for their past employment with the company prior to joining the Pension Fund. This additional credit can allow employees to establish the credit needed for Disability Pensions, Twenty-Year Service Pensions, and unreduced age 62 retirement benefits **in half the time.**

### Unreduced Age 62 Retirement Benefit

A participant who attains 20 years of Service Credit (counting Contributory Credit and Past Service Credit) can receive their full retirement pension at age 62 with zero deductions for early retirement—**equivalent to an 18% increase in monthly benefit!**



# Incentives For Employers Joining The Pension Fund

## Hybrid Plan: Estimated to be over 140% funded as of 2023

In 2011, Central States Pension Fund introduced the New Employer Pool, that is commonly referred to as the Hybrid Plan. While the Hybrid Plan was initially established to provide existing employer participants an option to resolve their contingent withdrawal liability while also maintaining continued participation in Central States free from additional withdrawal liability, it also serves as further peace of mind for those employers that are just beginning their participation in the Pension Fund by being sheltered from legacy liabilities of the Fund.

Under the Hybrid Plan, new employers joining the Pension Fund will have their withdrawal liability measured based upon the “direct attribution” method whereby liabilities attributed to an employer are for their own employees, not a pro-rata share of entire legacy liabilities of the Fund.

An employer subject to the direct attribution hybrid method will have its withdrawal liability determined based on any potential shortfall between the contributions the employer has made on behalf of the employer’s own employees and the pension benefits directly attributable to the employees’ service with that same employer. But since contributions fully cover the cost of employee pension accruals, Hybrid Plan employers have no unfunded liability.

As a result, more than 100 employers participate in the Hybrid Plan, and **none** are subject to owing any withdrawal liability in more than 11 years of existence of the Hybrid Plan.

## Tax Deductions

Central States Pension Fund is a qualified plan under federal tax law allowing all pension contributions to be deducted by the employer.

## Additional Benefits

There are no administrative fees. As a non-profit trust fund, with no shareholders to please with excess earnings, every employer “dollar” goes directly to your employees’ pension benefit. No commissions, no administrative fees, and no set-up fees, and by submitting contributions electronically to the Fund, we make it easy for the employer.

An economic package that includes a Central States pension benefit provides better employee retention as continued employment provides employees a higher pension benefit.

The pension contribution made by an employer is bargained for with the union and New Employers may contribute at any rate, either based on each week, day or hour of service, and there are no annual contribution increases—unless negotiated between the parties.









*Working Teamsters can  
count on the security  
that Central States has  
provided over the last  
65 years.*

Pension plans that provide guaranteed, monthly income for life, makes financial security in retirement much more achievable for those who have them.

—National Institute on Retirement Security



## Defined Benefit For A Lifetime

Central States		Retirement Savings Accounts
Traditional Lifetime Pension Plan		Retirement Savings Plan (401k)
100% Employer Paid Contributions		Employees Contribute with Possible Employer Contribution
Invested by Professional Asset Managers		Employee has Individual Investment
Diversified Investment Strategy to Control Risk		Employee is Responsible for All Investment Risk
Set Accrual Rate Based on Total Contributions		Savings Accumulation from Contributions and Investment
Benefits Guaranteed for Retiree's Lifetime		No Guaranteed Lifetime Benefit. Pace Withdrawals to Last Lifetime



# Why Central States Pension Fund?

Over the last few decades, many companies who do offer retirement plans have offered individual savings plans like 401(k) plans.

Individual savings plans, like 401(k)s, were never intended to serve as the primary source of retirement income for individuals.

These plans started out as supplements to group pension plans—and are still very effective as such—but are more suited to provide the additional income that may be needed for retirement, or to deal with extraordinary life events—like an unexpected health crisis, the loss of a spouse, etc.

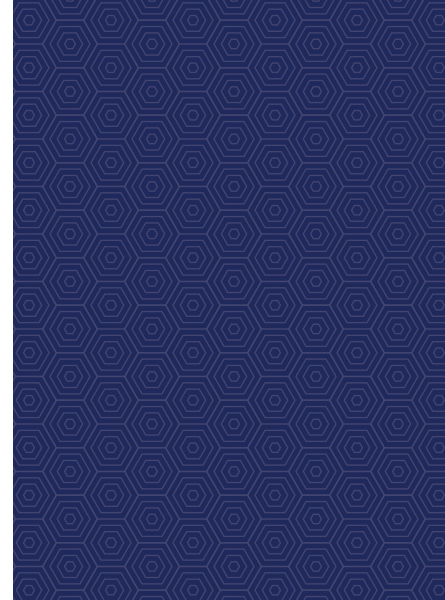
Retirement experts have long acknowledged the importance of the “three-legged stool” in providing Americans the greatest opportunity to achieve financial security in retirement:

- **Social Security benefits**
- **Individual savings**
- **Lifetime Defined Benefit**



Each leg of this stool fills a specific, unique purpose:

- **Social Security:** Administered by the government, it provides a guaranteed, cost-of-living adjusted income for life in retirement and is the foundation for millions of Americans and their families. Social Security was never meant to be the sole source of retirement income for American workers.
- **Individual Savings:** This includes 401(k) accounts and other savings. The typical working-age household has only \$3,000 saved in retirement accounts, while the typical near-retirement age working household has just \$12,000 saved. More than eight out of ten Americans are worried about their ability to save for retirement.
- **Lifetime Defined Benefit:** Central States Pension Fund falls in this bucket and is fundamentally different from savings because, like social security, it provides guaranteed monthly income. No matter how long a retiree may live, the pension check will continue to arrive each month...and this kind of plan can also provide a monthly income for the retiree's spouse after death.





## You Have Questions, We Have Answers:

### **Who can participate in Central States Pension Fund?**

Central States is a third-party to a collective bargaining agreement between an employer and a Teamster local union. The written collective bargaining agreement must require employer contributions paid at the same rate to Central States on behalf of employees who work under that agreement. The agreement must conform to Fund rules and policies and be accepted by the Board of Trustees.

### **How much are the employer contributions to the Fund?**

This can vary and is negotiated by the bargaining parties during collective bargaining. How much the employer contributes to the Pension Fund for the participant's covered employment greatly affects the amount of the monthly benefit. We've shared some examples in this brochure.

### **How long does it take to qualify for a pension?**

A participant will qualify for a pension benefit, also known as being vested, when they complete five years of vesting service. Employees of a New Employer at the time the employer joins the Fund, will receive vesting service for their prior continuous employment with that employer.

### **How do participants keep track of the contributions made by the employer?**

That's simple. Contributions made by the employer, and even projections of various retirement scenarios may be accessed through our website at [MyCentralStatesPension.org](https://www.MyCentralStatesPension.org). The Pension Estimator will allow a participant to even project various options for providing a benefit to their spouse in the event of their death.

### **I have more questions.**

Scan the QR code for a link to the Central States Pension Summary Plan Description (SPD).



# Working Toward Retirement

Let's look at two examples on how a pension benefit is calculated:

### Example 1: Larry

Age He Started: 52  
Retirement Age: 62  
Years Contributions: 10 with 10 years Past Service Credit  
Employer \$135 per week  
Contribution: \$7,020 per year  
Annual Accrual: \$70.20 per year  

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Base Pension: \$702 per month at age 62

This is only a conservative estimate—annual contribution increases of 4% each year would grow Larry's pension to \$842.84 per month.

Since Larry is retiring at 62, there is no age reduction on his benefit because he had 10 years Past Service Credit. (If he hadn't had the Past Service Credit, at age 62 there would have been an 18% early retirement reduction applied). He also has the option to take a reduced pension to provide a monthly benefit to his spouse in the event of his death.

### Example 2: Jerry

Age He Started: 32  
Retirement Age: 62  
Years Contributions: 30  
Employer \$68.40 per work day  
Contribution: \$17,784 per year  
Annual Accrual: \$177.84 per year  

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Base Pension: \$5,335 per month at age 62

When a participant has 20 or more years, pension benefits are payable in full without an age reduction factor at age 62—not age 65. However, if Jerry was age 60 when he retired, there would be an age reduction on his base pension. Since “age-60 Jerry” will be receiving his benefit longer than “age-62 Jerry”, there is a 6% per year age reduction factor applied for each year under the normal retirement age.

**On average, a retiree receives more than 270 months of benefits. If Jerry lives to age 84, he will have received over \$1.4 million in benefits from the Pension Fund.**



## Find everything your employees need at **MyCentralStatesPension.org**

Whether it's to apply for retirement benefits, looking for plan documents, or simply want to ask a question, **MyCentralStatesPension.org** will be a tool your employees will really appreciate.



**MyCentralStatesPension.org** has helpful resources such as:

- How-to guides
- Frequently asked questions
- Forms and documents
- A secure Message Center
- ...and more!

This document is meant as a summary of benefits offered to New Groups joining the Pension Fund. If there is a discrepancy between this document and the Pension Plan Document, the Pension Plan Document will be the controlling document. Scan this QR code to view the Plan Document.



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