

## Local 455 & 539 Pipefitters

### Consumer Price Index/Health & Welfare Retirement

<u>Year</u>	<u>Wage and Fringe Total</u>	<u>Pipefitter Percentage Increase</u>	<u>Consumer Price Index Percentage Increase</u>
1991	\$26.66	4.3%	3.1%
1992	\$27.76	4.1%	2.9%
1993	\$28.86	3.9%	2.7%
1994	\$29.96	3.8%	2.7%
1995	\$31.06	3.7%	2.5%
1996	\$32.19	3.5%	3.3%
1997	\$33.32	3.5%	1.7%
1998	\$34.45	3.4%	1.6%
1999	\$36.08	4.7%	2.7%
2000	\$37.70	4.5%	3.4%
2001	\$39.33	4.3%	2.8%
2002	\$41.59 (offer of \$2.26)	5.7%	.1%
<b>Total Increase</b>	<b>\$14.93</b>	<b>56%</b>	<b>30%</b>
2003	\$43.89 (offer of \$2.30)	5.5%	Unknown
2004	\$46.24 (offer of \$2.35)		Unknown

### Health and Welfare Prefunding of Retirement Benefits

The actuarial evaluation for prefunding Health and Welfare retirement has developed several different payment methods, none of which has been agreed to by the unions or Health and Welfare trustees.

### Health and Welfare Retiree Issues to Be Decided By the Unions and Trustees

1. How should the accounts be established?
  - Like a defined benefit, pooled plan
  - Individual medical accounts, like a Roth IRA
  - Liabilities need to be determined for trust, employers, unions, and employees.
2. Effective date
  - No effective date for starting the program has been determined.
3. Retiree costs

- Cost sharing by present and future retirees has not been determined.

4. Funding costs

- Front-loading of the program would be \$.65/.65/.65 over 3 years.
- A longer, just as effective, approach would be to fund the program over 10 years for \$.27 per hour per year.
- Allow each participant to fund the program, individually selecting their own contribution level.

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The past practice has been for the employers to negotiate a total wage and fringe increase and for the union to determine the allocation of wages and fringes.

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2002 Pipefitter Options:

If the Pipefitters were to do the following front-loading of retirement health and welfare allocates:

\$ .40 for health and welfare for maintenance of benefits  
 .65 for pre-funding health and welfare retirement for 3 years  
 .01 for JAC  
1.20 wages – this would be a 4.5% wage increase for Minneapolis Pipefitters and 4.9% wage increase for St. Paul Pipefitters  
 \$2.26

If the Pipefitters were to do the following:

\$ .40 for health and welfare for maintenance of benefits  
 .27 for pre-funding health and welfare retirement for 10 years  
 .01 for JAC  
1.58 wages – this would be a 5.9% wage increase for Minneapolis Pipefitters and 6.4% wage increase for St. Paul Pipefitters  
 \$2.26