

Change Makes Us Stronger

Editor's note: These remarks followed the screening of the IUPAT's moving video about its pension fund, which demonstrates the vital importance of this service to members.

In introducing Meyers, General President James Williams noted that, "under Gary's leadership, the fund has increased tremendously in size, which is directly related to Gary's endless efforts. These increases include the number of participating district councils and local unions' pension plans and annuity plan participants, and the amount of assets held by the fund."

You know, when we last met, the IUPAT Industry Pension Fund was still fighting to recover from the effects the September 11 terrorist attacks had on the world financial markets. It took us years to recover and, when we finally resumed earning better-than-projected returns, the crash of 2008 occurred. And, once again, the IUPAT set about on a challenging road to recovery. Thankfully, we had the best people possible at the wheel.

I'd like to recognize the men who have led us through this storm and who deserve the credit for keeping our pension money safe: our co-chairs, Art Aivaliotis of Avalotis Painting and IUPAT General President James Williams and his team. Thank you, guys. [Applause.]

Now, these extraordinary times have required the visionary leadership of people like Jim, and like Ken Rigmaiden and like George Galis, to make the tough and sometimes unpopular decisions that needed to be made to protect our pensions. I depend on your wisdom and foresight and your very generous counsel, and I thank you. [Applause.]

And I want to recognize others who have done what it takes to ensure that our pension program is safe in these extremely difficult times. I'd like to recognize the IUPAT Industry Pension Fund's Board of Trustees: Ray Sesma, Bill Candelori, Ray Price, Robert



GARY MEYERS
PENSION FUND ADMINISTRATOR

Kucheran, Bill Nicholls, Joseph Brescia, Adolf Gust, Richard Pazdzierski, and Steve Sharpe.

And I want to thank the Pension Fund staff as well. There's a Chinese curse that says, "May you live in interesting times." Well, the years (since

2001 have certainly been "interesting" for those who work in my office. I want to thank them for all their hard work, and I would like to recognize a few people that are here today: Ed Meyers, my right-hand man; the wind beneath my wings, the person I don't know what I would do without—my brother, Ed. I would also like to recognize a few of the staff people that are here today: Tom Montemore, Debbie Saddler, and Angie Keels. You know, between the three of them, there's over 100 years of experience working on the Pension Fund and working for you.

There's one person that's been there for me 7/24, Sundays, Saturdays, (from) midnight ('til probably 7:00 in the morning, and he's always there to offer counsel and he's always there for you—the participants in the Pension Fund: I would like to thank our general counsel, Dick Sigmund.

Now, on a more somber note, since we last met in convention, as you heard before, we mourned the loss of Alvin Levine, co-chair of the IUPAT Industry Pension Fund and owner of L&L Painting in New York City. In my many years in the union movement, rarely have I dealt with a contractor who cared as much as he did for his employees. Alvin's leadership, wisdom, and dedication to his work for the members of the IUPAT will be greatly missed. Because of his hard work, many of our retirees are living a much better life. Thank you, Alvin.

Brothers and sisters, as I said, in the last 10 years, the IUPAT Industry Pension Fund has experienced two of the most catastrophic economic events in history. And, through it all, the IUPAT Board of Trustees kept laser-focused on their mission, and that is the best interest (of, and to) represent our members. Sometimes this meant making unpopular decisions, but it

always meant making the decisions that, in the long run, would be best to ensure the long-term financial security of the fund for the current and future participants.

Fortunately, the continued diligence on behalf of the board of trustees protected this fund from far greater damage that could have happened with the crash of 2008. This is what I want to make absolutely clear to you—the delegates here today: Despite the losses experienced in the world markets, *not a single retiree or beneficiary has lost a benefit or suffered a reduction in his or her monthly cash benefit.* Furthermore, we will be ready for the ranks of our retirees to grow.

You know, since our last convention in August 2004, nearly 6,200 new retirees began receiving their monthly pension benefits. That puts the total number of IUPAT pension recipients at nearly 27,000 retirees and beneficiaries, and \$24 million in benefits paid monthly.

So, financially, where do we stand today? Fortunately for us, the IUPAT Pension Fund was better positioned than most to ride out the worst economic collapse since the Great Depression. As of January 2008, our fund was the pride of the industry, considered premium status at 82.9-percent funded level. Since then, of course, key measurements in the stock market had fallen more than 40 percent, and, like everyone else, the Pension Fund suffered as a result. Today, the Pension Fund, as you heard before, is at 72.1-percent funded level. Yet, as of December 31, 2008, the fund still had assets of over \$2.4 billion, meaning the promised benefits to members, retirees, and their beneficiaries are secure. Again, I've got to repeat, I want to stress that no participants' benefits that they have earned to date have been reduced.

It could have been much, much worse if the board of trustees hadn't made the crucial, although unpopular, decision in 2005 to temporarily reduce the accrual rate on contributions into the fund from 2 percent to 1 percent as of January 2006. Although

this decision was met with harsh criticism from the participants, the board had no doubt that the fund's participants would suffer had they failed to act. And that decision has been proven to be *100-percent accurate.*

Many other proactive decisions were made to bolster the financial strength of the fund and encourage recovery. One such decision was the investment in the Embassy Suites Hotel/Washington Convention Center in downtown Washington, DC. Despite today's downward spiraling economy, the average return on that investment has been an astonishing *10.3 percent annually.* But, even more importantly, through this investment, the IUPAT Industry Pension Fund is responsible for creating 200 new union jobs.

Yet, despite the good news, not surprisingly, there were still some tough decisions that had to be made because of the crash of 2008. The IUPAT Pension Fund took its largest financial hit since it was created more than 40 years ago. So, once again, the trustees took a proactive approach to ensure the fund's financial integrity: In March 2009, they voted to implement a funding improvement plan under the provisions of the Pension Protection Act of 2006. The plan requires strict control and additional funding, but it's going to work.

I'm pleased to report, also, our annuity plan is faring much better than expected in these tough economic times, all due to some changes implemented by the board of trustees back in 2003. The trustees recognized the extreme age diversity of the participants in the plan, so they structured a portfolio to create a lower risk and a less-volatile portfolio.

This conservative approach assured (that) the annuity plan lost just under 5 percent last year in 2008—comparatively low, when you consider the market and other retirement plans, like

401(k)s, lost upward of 40 percent that year.

The trustees also looked for ways to help those who aren't yet retired, by getting them some financial assistance to get them through these very hard times. So, I'm pleased to announce that, on behalf of the board, effective immediately, those who participate in the IUPAT Annuity Plan may now apply to withdraw a portion of their savings in that plan by claiming and qualifying for an immediate and heavy financial need hardship. This withdrawal can help our participants deal with medical expenses or save their homes from eviction or foreclosure, pay tuition for their children or burial and funeral expenses, if a tragedy strikes while a member is down. And, if things get really tough, the withdrawal can also help to pay for such basic needs as food, clothing, and shelter.

It's this type of caring for our members that makes me proud to be a member of the International Union of Painters and Allied Trades.

And what about our brothers and sisters in Canada? Canada hasn't been spared from the worldwide financial meltdown, so our trustees have made some tough decisions to protect our Canadian brothers. As with the U.S.

plan, in 2008, the Canadian plan was in a very solid position, with a funding level of 103 percent. As a result of the stock market decline, in 2008, the Canadian pension fund suffered a nearly 20 percent loss. However, the plan still has assets of over \$149 million, with a funding level right at 78 percent. And, just like the U.S. plan, the Canadian participants' benefits are secure.

Promised benefits to active members, retirees, and their beneficiaries are not affected. You will keep what you've already earned.

The trustees are set to meet later this
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year to decide what, if any, actions must take place to make certain that the Canadian plan, and our brothers and sisters to the north, continue to receive the secure retirement they work so hard for every day. Remember, the financial health and viability of the pension plan, both U.S. and Canada, is the top priority of the board of trustees and will be closely monitored. Again, all of this was done with one purpose in mind: protecting our members. You see, there is just too much at stake.

Now, hearing the personal stories of our members, listening to them tell you how the Pension Fund has made such a difference in their lives, always kind of brings that home for me. You've listened to me tell you how the IUPAT Pension Fund is making our retirees' future safe and secure.

Let's let our members tell you what they think. Take, for example, Roy Clegg, a member of Local Union 159 in Las Vegas, Nevada. You saw him in the video. Well, let me tell you a little bit more about him, because Roy's story is a story of all of our retirees. Roy retired in June of 2000 at the age of 55. That's nine years ago; once again proving our members live long, healthy retirements. Roy says this pension has been coming steady as rain, taking care of him and his family. He also told me the story of a few of his friends who aren't as fortunate who are forced to survive on what is now a depleted or nonexistent 401(k) or other savings plan that has been ravaged by this current economy. He told me of one friend that is 80 years old and forced to go back to work, because she can't afford to keep up and can't even pay for her medication. Can you imagine?

Unfortunately, this story is typical of the pain and suffering that many older Americans are facing right now today, but not our retirees. For people like Roy, the IUPAT pension fund is taking care of all their needs. Like Roy said, it's solid. It's a rock.

And what about the other person we met in the video? Marie Hansen, the widow of IUPAT retiree Walter Hansen. This woman has been an incredible inspiration to me, reaffirming my commitment to our participants. Her story makes crystal-clear the importance of what we're doing. The IUPAT Industry Pension Plan was able to soften the blow of her loss and ensure that Marie's grief is not compounded by the sudden



money worries that can come with the loss of a loved one. Instead, the families of these participants are assured a financial security that only the IUPAT pension fund can bring.

You know, we all get caught up in our jobs and sometimes we lose sight of what's important and what we should be doing. I had the pleasure of meeting Marie, and will never forget her, as long as I live. I think of her and what she told me often. You saw her in the video, and you could see she was quite an inspirational woman—a strong union woman. In the short time I spent with Marie, I realized not only how strong she is, but how proud she is of her husband and her husband's union. Marie said that her husband deeply believed in the benefits, the wages, and the life that being an IUPAT member brought. It meant stability, which Marie says meant a lot to Walter. She said it was very important to Walter to know the International would be there for him—(and) for his family when he was gone. And that's important to me, and it's important to every member of the board of trustees of the IUPAT fund. It's people like Marie that guide our actions every single day.

Marie says she and her husband always lived by the old motto, "United we stand, divided we fall." And that's exactly how we at the IUPAT and the IUPAT Pension Fund approach our jobs every day: united with our members, united with their best interests at heart. We do what has to be done. We make the tough decisions and we take action without delay to keep the financial security of the fund secure.

No matter what lies ahead in this economy, whether the recovery is around the corner or several years away, the IUPAT Industry Pension Fund board of trustees are working to ensure we remain prepared. Brothers and sisters, your pension plan is sound and solid, and the trustees will ensure it remains that way: sound and solid. Even in these uncertain economic times, you can take that promise to the bank.

Thank you, and God bless. [Standing ovation.]