AMALGAMATED TRANSIT UNION DEFINED CONTRIBUTION RETIREMENT PLANS

401(k) and 457 Plans

HISTORY

In the late '90s the Amalgamated Transit Union saw a need for adding a supplemental retirement plan to its arsenal of member benefits. Therefore in August of 1997 they created:

- the Amalgamated Transit Union National 401(k) Pension Plan,
- the Amalgamated Transit Union Local Union Officers and Employees 401(k) Retirement Plan and
- the Amalgamated Transit Union Section 457 Deferred Compensation Plan.

Not only was this a chance to help ATU members save on their own for retirement, but also an opportunity to negotiate additional matching or non-elective contribution dollars for its members. Employers who do not offer defined benefit plans have been targeted to adopt the ATU 401(k) or 457 Plan(s).

The ATU hired Dean Witter, now known as Morgan Stanley to provide the mutual fund investments and participant education. In October of 2001, Quorum Consulting Group was hired to administer and recordkeep the plans.

In December of 2001 there were 13 Locals with less than 40 employers and 376 active participants utilizing the plan(s). Today there are 53 Locals with over 100 employers and 5,954 active participants.

To date, defined benefit plans still cover a majority of U.S. workers, but the ATU continues to believe that these supplemental plans are crucial to helping their members achieve their retirement goals.

ATU International Sponsored Plans

ATU National 401(k) Pension Plan

Covers bargaining unit employees of private employers.

ATU Local Union Officers and Employees 401(k) Retirement Plan

Covers officers and employees of the Local.

ATU Section 457 Deferred Compensation Plan

Covers bargaining unit employees of state or local governments.

A 401(k) plan is…

- a type of retirement plan adopted by private Employers. (e.g. Coach USA, First Transit, MV Transportation, or Veolia Transportation)
- a qualified profit sharing plan, subject to federal laws, that offers participants an election to receive compensation in cash (i.e. as a paycheck) or to have these amounts contributed to the plan. Each eligible employee may elect to reduce current compensation or elect to forgo a salary increase and have these amounts contributed to the plan. These employee contributions are called elective salary deferrals and are exempt from Federal and State taxes thus reducing the participant's annual tax liability. Current maximum salary deferral limitation is $17,500 annually (an additional $5,500 can be contributed if participant is 50 years of age or older).
- a plan that can also feature employer contributions in two forms; a matching contribution or a profit sharing contribution. Both can be discretionary contributions that are negotiated with each contract.
  - A matching contribution is based on the participant's amount of salary reduction. For example the employer can decide to match 50% of the participant's salary reduction. Therefore, if the participant defers $ 2,000 of his compensation into the plan the employer will contribute on his behalf $1,000. The prudent employer can also add another feature to the match formula to hold down his potential cash outflow by adding a cap to the match.
  - Matching contributions are only paid to the participants who defer their own compensation into the plan. Profit Sharing contributions on the other hand are paid to all eligible participants whether they contribute or not. These contributions are referred to as nonelective contributions.

Why 2 ATU 401(k) plans?

- The ATU offers two separate 401(k) plans because of ERISA (Employee Retirement Income Security Act) regulations. They are subject to different rules yet they are identical in benefits.
  - **The ATU National 401(k) Pension Plan**
    - For employees of private employers
  - **The ATU Local Union Officers and Employees 401(k) Retirement Plan**
    - For officers and employees of ATU Local offices

A governmental 457 plan is…

- an eligible deferred compensation plan adopted by a State or local government, a political subdivision of a State, and any agency or instrumentality of a State. (e.g., Metropolitan Transportation Authority, Tri-State Transit Authority, or Washington Area Metropolitan Transportation Authority)

- a non-qualified plan, subject to Federal and State laws, that offers participants an election to receive compensation in cash (i.e. as a paycheck) or to have these amounts contributed to the plan. Each eligible employee may elect to reduce current compensation or elect to forgo a salary increase and have these amounts contributed to the plan. These employee contributions are called elective salary deferrals and are exempt from Federal and State taxes thus reducing the participant's annual tax liability. Current maximum salary deferral limitation is $17,500 annually (an additional $5,500 can be contributed if participant is 50 years of age or older).

Successfully Negotiated ATU Plans (complete list available upon request)

National 401(k) Pension Plan	• Coach USA, First Group (Student and Transit), Greyhound, MV Transportation, National Express, Transportation, Veolia Transportation
Local Union Officers and Employees 401(k) Retirement Plan	• Local 85, 192, 241, 281, 382, 398, 587, 689, 757, 758, 788, 998, 1001, 1056, 1091, 1181-1061, 1300, 1342, 1700, 1764, International Office
457 Deferred Compensation Plan	• Chattanooga Regional Transportation Authority, Erie Metropolitan Transit Authority, GRTC Transit System, Tri-State Transit Authority

Service and Education

Quorum Consulting Group and Morgan Stanley work as a team to provide negotiation assistance, employee education, and education material.

We provide

- on-site support during negotiations for Local Presidents and IVPs,
- IVP and Local President handbook material,
- on-site participant education and enrollments,
- education material,
- participant call center,
- on-line access to account information 24/7 with easy to understand education video and retirement planning tools and
- voice response (telephone) access to account information 24/7.

You and your members receive the most comprehensive education, service, and investment options at a lower than average industry standard cost. Participants pay a minimal $10.00 per quarter with no transactional fees and investment purchases are done at NAV (Net Asset Value – no upfront charge).

Three Easy Steps to Implement

Step 1
- Negotiate plan with Employer

Step 2
- Include plan language in Collective Bargaining Agreement

Step 3
- Complete an Adoption Agreement

Most common negotiation mistakes

- Plan to Plan transfer of current company plan not negotiated and/or included in CBA.

- CBA language not specific enough regarding employer contributions.

- Auto-enrollment feature not adopted.

Investment Line-Up for all ATU sponsored plans

- (1) Reliance Trust Stable Value Fund Class II – a stable value fund;
- (2) Blackrock Equity Dividend Fund A (MDDVX) – a large cap value fund;
- (3) Principal Large Cap S&P 500 Index Fund R3 (PLFMX) – a large cap blend index fund;
- (4) First Eagle Overseas (SGOVX) – an international equity fund;
- (5) Wells Fargo Advantage Growth Investor A (SGROX) – a large cap growth fund;
- (6) Gabelli Value Fund A (GABVX) – a mid cap blend fund;
- (7) Goldman Sachs Small Cap Value Fund A (GSSMX) – a small cap value fund;
- (8) Invesco Small Companies Fund A (ATIAX) – a small cap blend fund;
- (9) Lord Abbett Developing Growth Fund A (LAGWX) – a small cap growth fund;
- (10) JP Morgan Mid Cap Value (JAMCX) – a mid cap value equity fund;
- (11) Columbia Acorn Fund (LACAX) – a small cap growth fund;
- (12) MFS International Value Fund R3 (MINGX) – an international equity fund;
- (13) Loomis Sayles Investment Grade Bond (LIGRX) – a fixed income bond fund;
- (14) Virtus Emerging Markets Opportunity Fund A (HEMZX) – an emerging markets fund;
- (15) JP Morgan Government Bond Fund A (OGGAX) – a government bond fund;
- (16) Blackrock High Yield Bond Fund A (BHYAX) – a high yield bond fund;
- (17) Prudential Short Term Corporate Bond Fund A (PBSMX) – a short term bond fund;
- (18) First Eagle Global Fund A (SGENX)– a balanced world allocation fund;
- (19) Blackrock Global Allocation Fund A (MDLOX) – a balanced world allocation fund;
- (20) Oppenheimer Gold & Special Minerals Fund A (OPGSX) – a specialty fund;
- (21) T. Rowe Price Retirement 2055 Advisor (PAROX) – an age based pre-mixed portfolio intended for participants who are expected to retire around 2055
- (22) T. Rowe Price Retirement 2050 Advisor (PARFX) – an age based pre-mixed portfolio intended for participants who are expected to retire around 2050;
- (23) T. Rowe Price Retirement 2045 Advisor (PARLX) – an age based pre-mixed portfolio intended for participants who are expected to retire around 2045;
- (24) T. Rowe Price Retirement 2040 Advisor (FDTFX) – an age based pre-mixed portfolio intended for participants who are expected to retire around 2040;
- (25) T. Rowe Price Retirement 2035 Advisor (PARKX) – an age based pre-mixed portfolio intended for participants who are expected to retire around 2035;
- (26) T. Rowe Price Retirement 2030 Advisor (PARCX) – an age based pre-mixed portfolio intended for participants who are expected to retire around 2030;
- (27) T. Rowe Price Retirement 2025 Advisor (PARJX) – an age based pre-mixed portfolio intended for participants who are expected to retire around 2025;
- (28) T. Rowe Price Retirement 2020 Advisor (PARBX) – an age based pre-mixed portfolio intended for participants who are expected to retire around 2020;
- (29) T. Rowe Price Retirement 2015 Advisor (PARHX) – an age based pre-mixed portfolio intended for participants who are expected to retire around 2015;
- (30) T. Rowe Price Retirement 2010 Advisor (PARAX) – an age based pre-mixed portfolio intended for participants who are expected to retire around 2010;
- (31) T. Rowe Price Retirement Income Advisor (PARIX) – a target date fund;

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