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May 13, 2021

Board of Trustees
International Union of Operating Engineers Local 487 Health and Welfare Fund
Miami, Florida

Dear Trustees:

We are pleased to present this **update** to the fiscal 2021 Health Benefits Report for the International Union of Operating Engineers Local 487 Health and Welfare Fund. The projections presented at the February 4, 2021 meeting have been updated to reflect the increase in employer contributions from \$6.30 per hour to \$6.55 per hour, effective May/July 2021.

We look forward to reviewing this report with you and answering any questions you may have at the next meeting of the Board of Trustees. However, if there are any questions that need to be addressed prior to the meeting, please do not hesitate to contact us.

Sincerely,

Segal

By:

Ernie Naegele
Vice President and Consultant
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cc:

Linda DuVall
Kathleen Phillips
Dina Bellows-Levine

Financial Experience and Budget Projections

Summary

12 Months Ending	Historical Results			Projections		
	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Average Number of Active Employees	602	612	627	579	549	549
Average Contribution Hours per Month	209	221	206	176	176	176
Aggregate Hours	1,510,022	1,621,003	1,546,976	1,222,848	1,159,488	1,159,488
Average Contribution Rate Per Hour	\$4.25	\$4.28	\$4.71	\$6.06	\$6.51	\$6.55
Total Income	\$6,584,690	\$7,088,902	\$7,391,354	\$6,831,643	\$7,611,734	\$7,665,046
Total Expenses	\$7,190,805	\$8,170,013	\$9,617,627	\$8,886,000	\$8,186,000	\$8,807,400
Average Income Per Active Per Month	\$911.50	\$965.27	\$982.37	\$983.25	\$1,155.40	\$1,163.49
Average Expenses Per Active Per Month	\$995.41	\$1,112.48	\$1,278.26	\$1,278.93	\$1,242.56	\$1,336.88
Breakeven Contribution Rate	\$4.65	\$4.95	\$6.15	\$7.20	\$7.00	\$7.54
Fund Assets	\$5,131,464	\$4,028,805	\$1,860,195	\$1,305,838	\$731,573	\$(410,781)
Ratio of Net Assets to Targeted Reserves	142.7%	98.6%	38.7%	29.4%	17.9%	0.0%
Continuation Value (Months)	7.5	5.0	2.5	1.9	1.0	0.0

Observations:

- The projections presented at the February 4, 2021 meeting have been updated to incorporate the following change:
 - Employer contributions will increase to \$6.55 per hour, effective May 2021 for Foundation employers and July 2021 for Crane employers.
- The increase in contributions results in deficits for the years ending March 31, 2022 and March 31, 2023. Fund assets are projected to be depleted before March 31, 2023.
- The breakeven contribution rate is based on projected expenses and hours and is not impacted by the contribution rate change. For the year ending March 31, 2022 the projected breakeven contribution rate is \$7.00 per hour, and for the year ending March 31, 2023 the breakeven contribution rate is \$7.54.