

## **Refrigeration, Air Conditioning & Service Division (UA-NJ)**

### **Status Report August 2024**

#### **Welfare Fund**

The Comparison of Plan Operations found on the back of this sheet illustrates the financial results for the Plan Year that ended February 28, 2024, as compared to the prior five Plan years. Following two years of losses in the Fund balance, the Fund realized at \$4.6M increase in its balance during the last Plan Year, which increased the reserve from 8 to 9 months. This result was driven by both a 4% increase in contributions per member, coupled with a 7.5% decrease in benefits costs. The single largest driver for this reduction in benefit costs was the new United Association prescription program with Express Scripts, which began on December 1, 2022. This program delivered a 20% decrease in prescription expenses as compared to the prior year. It is also worth noting that the total enrollment in the Welfare Fund increase 5.5% during the Plan Year, including a 5.7% increase in the number of active members and a 4.1% increase in the number of retirees.

While these results are encouraging, the current healthcare cost climate is concerning. It is forecasted that across the nation, healthcare costs are expected to increase at a rate unseen in over a decade, at an anticipated 6.5% overall cost increase for 2024. These increases are primarily fueled by the impact of inflation on hospital costs and rising demand for new and expensive prescription medications.

#### **Pension Fund**

During the Plan Year ended February 28, 2024, the net assets available for benefits in the Pension Fund increased from \$324,012,759 to \$368,244,349. At the Trustees meeting held on March 26, 2024, the Trustees approved an increase in the benefit accrual rate from \$105 to \$110 per year of Credited Service for active employees retiring on or after March 1, 2024. This change reduced the Pension funding level immediately as the improvement, and additional increase to liabilities, will be paid off by future hours and contributions. This change was made in conjunction with an increase in the contribution rate effective March 1, 2024, from \$4.45 to \$4.95 per hour.

#### **Education Fund**

During the Plan Year ended February 28, 2024, the net assets available for benefits in the Education Fund increased from \$3,366,722 to \$3,567,966. During the Plan Year contributions were \$1,909,618, and other income was \$190,687 for total additions of \$2,100,305. Total deductions for operations were \$1,899,061 of which approximately 65% was salaries, benefits, and payroll taxes.

**REFRIGERATION, AIR CONDITIONING & SERVICE DIVISION (UA-NJ) WELFARE FUND****Comparison of Plan Operations  
Plan Years Ending February 2019 - 2024**

	<b>February <u>2019</u></b>	<b>February <u>2020</u></b>	<b>February <u>2021</u></b>	<b>February <u>2022</u></b>	<b>February <u>2023</u></b>	<b>February <u>2024</u></b>
<b><u>Income:</u></b>						
Investment	455,335	1,451,433	856,263	(196,819)	(1,448,848)	992,237
Contributions	33,636,442	37,146,963	34,872,798	38,516,190	42,243,776	46,347,742
Other including Stop Loss reimbursement	578,485	798,667	832,276	805,930	267,298	651,170
Total Income	34,670,262	39,397,063	36,561,337	39,125,301	41,062,226	47,991,149
<b><u>Expenses:</u></b>						
Medical, Dental, Disability Benefits	25,091,857	24,723,758	24,673,438	28,532,647	32,586,845	31,659,397
Prescription Benefits	4,770,372	5,396,217	5,555,698	7,010,955	6,913,144	5,560,789
Employee Assistance	43,384	45,802	46,221	47,953	50,694	48,166
Premiums and Fees	2,789,124	2,376,550	2,426,017	2,649,805	3,787,480	5,026,525
Total Benefit Expenses	32,694,737	32,542,327	32,701,374	38,241,360	43,338,163	42,294,877
Operating Expenses	826,859	894,404	788,255	922,457	1,063,368	1,033,116
Total Expenses	33,521,596	33,436,731	33,489,629	39,163,817	44,401,531	43,327,993
<b>Change In Fund Balance</b>	<b>1,148,666</b>	<b>5,960,332</b>	<b>3,071,708</b>	<b>(38,516)</b>	<b>(3,339,305)</b>	<b>4,663,156</b>
Beginning Fund Balance	22,026,798	23,175,464	29,135,796	32,207,504	32,168,988	28,829,683
Ending Fund Balance	23,175,464	29,135,796	32,207,504	32,168,988	28,829,683	33,492,839
Active Employees & COBRA	1,431	1,467	1,440	1,502	1,539	1,627
Retired Employees	219	237	259	287	314	327
Total Employees	1,650	1,704	1,699	1,789	1,853	1,954
Retiree %	13.3%	13.9%	15.2%	16.0%	16.9%	16.7%
Contributions/EE/Month	1,698.81	1,816.66	1,710.46	1,794.12	1,899.79	1,976.62
Investment Income/EE/Month	23.00	70.98	42.00	(9.17)	(65.16)	42.32
Other Income/EE/Month	29.22	39.06	40.82	37.54	12.02	27.77
Benefit Cost/EE/Month	1,651.25	1,591.47	1,603.95	1,781.32	1,949.01	1,803.77
Operating Cost/EE/Month	41.76	43.74	38.66	42.97	47.82	44.06
Total Expense/EE/Month	1,693.01	1,635.21	1,642.61	1,824.29	1,996.83	1,847.83
Surplus(Deficit)/EE/Month	58.01	291.49	150.66	(1.79)	(150.18)	198.87
Months of Reserve	8	10	12	10	8	9
Ave. Journeyman Hourly Contrib Rate	12.76	13.51	13.76	14.11	14.61	15.41
Increase in Contributions/EE	3.4%	6.9%	-5.8%	4.9%	5.9%	4.0%
Increase in Total Income	8.7%	13.6%	-7.2%	7.0%	5.0%	55.4%
Increase in Benefit Cost/EE	-1.9%	-3.6%	0.8%	11.1%	9.4%	-7.5%