



OF THE INTERNATIONAL UNION OF OPERATING ENGINEERS & PARTICIPATING EMPLOYERS

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EXPLANATION OF OCT. 2023 AND MAY 2024 STATEMENT ISSUES

The purpose of this notice is to advise you of two programming issues that affected certain semi-annual pension statements issued in 2023 and 2024. As a preliminary matter, it is important to note that these issues have been fully corrected; however, they may cause some confusion when comparing your 2025 statements with those prior statements.

Issue 1 – October 2023 Semi-Annual Statement

As a preliminary matter, it is important to note that the Life Annuity and 50% Joint and Survivor Annuity (for Married Participants) benefit amounts listed on your semi-annual statement represent an *estimate* of the benefit payable to you as of your Normal Retirement Age (age 65). Due to a programming error, however, the calculation date used in the October 2023 statements was incorrectly set to the first of the month following the end of the period covered by the statements (for example, July 1, 2023), rather than Normal Retirement Age (age 65). As a result, for married Participants, this resulted in an overstated 50% Joint and Survivor Annuity estimate.

Issue 2 – May 2024 Annual Statement

While the programming error identified in the October 2023 semi-annual statement was subsequently corrected, an additional overstatement occurred in the May 2024 annual statement for some Participants when hours and contributions from 2025 were inadvertently included in the May 2024 statement, even though such hours and contributions were not included in the detailed contribution listing on page 2 of the statement. This, in turn, caused an overstatement in the May 2024 estimate for certain Participants.

Please note that these issues do **not** affect your 2025 semi-annual pension statements, which reflect accurate information. But if you would like to receive a customized pension estimate, you may request one by completing the Pension Estimate Request Form, available in the “Participant & Recipient Forms” section of our website at: www.cpfuoe.org/forms-documents/.

Issue 3 – The impact of age on the 50% Joint & Survivor Annuity

Finally, unlike the first and second issue discussed above, both of which represent programming errors that have since been remedied, we are frequently asked by married Participants why when comparing pension statements year over year does the J&S benefit show a slight decrease in the monthly 50% Joint and Survivor benefit amount at each later statement date.

While it may seem counter-intuitive, it is important to remember that the 50% Joint and Survivor Annuity is essentially a form of insurance which “costs” more for older Participants than for younger Participants because, on average, older Participants are more likely to die sooner than younger Participants, which increases the likelihood that the Survivor Annuity will be paid and that, on average, it will be paid sooner. Thus, the “cost” of this insurance is reflected in the actuarial conversion factors, which are utilized to calculate the benefit and are determined actuarially so that the total value of the 50% Joint and Survivor annuity paid over a Participant’s and Spouse’s expected lifetimes is the same as the total value of Single Life Annuity benefit paid over just the Participant’s expected lifetime.