



## LOCAL 2-21 C.A.T. Letter

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With our pension plan funded at exactly 80% there is a lot of concern that we could lose the full lump sum option next April when the new Adjusted Funding Target Attainment Percentage (AFTAP) numbers come out. In the CAT letter I put out on May 26 of this year (CAT Distribution # 69) I shared an e-mail with you from Glenn Grill (that e-mail is included on the back of this CAT letter as well). In his e-mail, Glenn Grill assured us "there will be no restrictions on lump sum distributions from the Plan through March 31, 2012".

Glenn has always been brutally honest with us when he was the head of benefits. Glenn is now the head of HR at corporate and continues to be available to us and as always, he is very honest with us. I'm telling you this because even though Glenn has always been credible, and even though I had no reason to doubt his word about the lump sum being good through March 31, 2011, I was still nervous about something. Let me explain; at the beginning of each year the actuaries hired by the company figure out what the AFTAP number is. ERISA (Employee Retirement Income Security Act) mandates that a company has 90 days to get these numbers together. If they don't have the numbers compiled by 90 days, the government automatically assumes a 10% decrease in the AFTAP number. So here's my fear, ERISA says the company has 90 days to get these numbers BUT it doesn't say they HAVE TO USE 90 DAYS. That was our fear. What if the actuaries had these numbers by January 20th and the company made these numbers public, and what if the AFTAP number was 75%? ERISA mandates the company must stop paying the full lump sum immediately. Between 80% and 60% you could get 1/2 of your lump sum and the other 1/2 would be in a monthly annuity. So....this was a long explanation to tell you our fear was that these numbers could get exposed earlier than April 2012 and someone could get screwed out of their lump sum.

**This past Tuesday Rox arranged a conference call between Glenn Grill, the actuaries, our committee, her and Erick Nyberg. In this call both Glenn and the Actuaries assured us they would be doing nothing different. They said they will not be bringing any new numbers forward before April of 2012.**

What this means is that exactly what Glenn told us in his original e-mail is still true today, and that is this; other than the company filing for bankruptcy, our lump sum is protected through March 31, 2012. Bankruptcy does not necessarily mean it's gone but there are a whole new set of rules to follow once the company files.

There were other encouraging parts to Tuesday's call too. We learned the company has contributed to our pension fund twice so far this year to the tune of 5.8 million dollars and plans to contribute another 4.3 million before year end. The plan is to get the pension 100% funded in 9 years and these numbers reflect the amount needed each year to do that. Obviously this number will change from year to year but it was encouraging to hear they were contributing. By the way, this is the first time they have had to contribute since they became NewPage. I thought that was interesting. Another thing I found interesting is they said to be back to where we used to be, the DOW would have to return back to 14500, so we have a way to go to get there.

I know I gave you a lot of numbers and acronyms which probably made this CAT letter a little confusing but I can sum everything up by saying this; after being on the conference call with corporate on Tuesday, I feel comfortable (once again) in telling our members, barring a bankruptcy, your lump sum pension option is protected through March 31, 2012. I'm sorry if I may have created some anxiety by questioning this but I damn sure didn't want someone making a retirement decision based on information I sent out only to find there was a surprise in the end. Better safe than sorry.

Thank you for your support.

In Solidarity,

Bryon Branstrom

-Please see other side -

Below is a copy of the CAT report I sent out on May 26th of this year. As I explained in that CAT letter, this is actually a copy of an e-mail sent by Mike Nantelle to Glenn Grill as well as a copy of Glenn's reply. Glenn is the head of HR at corporate. Glenn used to be the head of benefits until he recently got promoted.

Glenn,

We have all been nervous since we received the latest defined pension benefit letter. As you are aware, NewPage Escanaba is the only mill in the corporation that allows a lump-sum pension payout. We also know that once the funding for the pension falls below 80% the lump-sum payout could be affected. We in Escanaba have inquired why the latest funding number for 2011 has not been released. We have not been given an answer why this number has not been released and we have also not been given when or if the number will ever be released. As you can imagine this is causing great frustration for people that are close to retirement. Our negotiating committee has been fielding calls daily. I know our HR department here in Escanaba has also been fielding calls. Can you provide an explanation for the delay in the release of this number and or the day or time the number will be released?

On a personal note:

I find it totally unacceptable for a company (NewPage) to not provide some sort of explanation. We have people here in this mill that have worked here over 40 years and are now questioning their retirement. It is embarrassing to me to have to write this email and beg for information that our retiring members need.

Respectfully,

Mike Nantelle

USW Local 2-21

Insurance Advocate

**Below is Glenn's reply which we received at 4:20 on Wednesday afternoon.**

Mike,

I can understand your concerns about the plan's funding level and the potential impact on lump sum benefits. Please see the information below regarding the current funding status of the plan.

The Pension Protection Act of 2006 requires that pension plan sponsors distribute an Annual Funding Notice no later than 120 days after the end of each plan year, which is April 30 for the NewPage pension plans.

The information that was contained in the Annual Funding Notice sent in April 2011 shows the Plans Adjusted Funding Target Attainment Percentage (AFTAP) for the 2010 plan year (January 1, 2010 – December 31, 2010). The AFTAP is 87.65% and since this amount is greater than 80%, that means there were no restrictions on distributions from the Plan (i.e. lump sum restrictions) through March, 2011.

**The AFTAP for the 2011 Plan Year (January 1, 2011 – December 31, 2011) is 80%. The AFTAP decreased from 2010 due to an increase in the liabilities as a result of a decrease in the IRS required interest rates. Since the AFTAP is at least 80%, there will be no restrictions on lump sum distributions from the Plan through March 31, 2012. The 2011 AFTAP will be reflected in the 2011 Annual Funding Notice that will be sent in April, 2012 as legally required under the Pension Protection Act.**