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STATE OF MICHIGAN  
EMERGENCY MANAGEMENT COMMISSION

IN THE MATTER OF FACT FINDING

between

THE MANISTEE COUNTY ROAD COMMISSION

and

THE TEAMSTERS, LOCAL 214

MERC FACT FINDING CASE NO.: G88 D-307

*Harry Bishop 2-14-89*

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REPORT AND RECOMMENDATIONS OF THE FACT FINDER

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The Michigan Employment Relations Commission in response to a petition for fact finding by the above parties reviewed the application and concluded that the matters in dispute between the parties might more readily be resolved if the facts involved in the dispute were determined and publicly known.

The Fact Finder was contacted and appointed to conduct a fact finding hearing, pursuant to Section 25 of Act 176 of Public Acts of 1939, as amended, and the Commission's Regulations, and to issue a report with recommendations with respect to the matters in dispute.

The Fact Finder contacted the parties to the dispute; a mutually agreeable date of February 9, 1989 was designated for the Fact Finding Hearing. Consequently, the hearing was held in the offices of the Manistee Road Commission in Manistee, Michigan, on February 9, 1989. The hearing commenced at 10:00 A.M. and concluded shortly after 4:00 P.M.

Representing the Parties:

Teamsters Local 214

Dale J. Majerczyk  
Teamsters Local 214  
2825 Trumbull Avenue  
Detroit, Michigan  
48216-1297

Dave Rutowski  
Lynn Lindeman  
Gerald Peterson

Manistee Road Commission

George T. Roumell Jr.  
RILEY AND ROUMELL  
7th Floor, Ford Building  
Detroit, Michigan 48226

Irwin M. Johnson  
Sylvester Flarity  
William A. Green  
Leslie J. Kolka

LABOR AND INDUSTRIAL  
RELATIONS COLLECTION  
Michigan State University

*Manistee County Road Commission*

### Background

The Manistee County Road Commission (Employer) is responsible for providing comprehensive road planning, repair, and maintenance of the county roads to meet the transportation needs of Michigan's Manistee County. Organized employees of the Manistee County Road Commission are represented by Teamsters Local 214 (Union). In 1988, there were 36 employees in the bargaining unit and eight employees in excluded bargaining unit positions.

The 1985-1988 Agreement expired on June 30, 1988. The parties negotiated extensively in an attempt to reach a new agreement. In addition, the parties utilized the services of a State Mediator for three mediation meetings. Nevertheless, the parties were unable to reach agreement on several issues which are still in dispute.

### Financial Status of the Road Commission

During the hearing, the parties submitted several exhibits to the Fact Finder relating to the ability of the Employer to pay for the Union proposals. When the Fact Finder raised the question as to whether there was an issue "of ability to pay" between the parties, the Employer, after a short caucus, indicated that it was not an issue. The position of the Employer is that because it exercises prudent management and shows fiscal responsibility, it should not be penalized in negotiations; contract comparisons with the surrounding road commission employees shows comparability in wages, fringe benefits, and other conditions of employment.

### Positions of the Parties:

Seven issues were submitted to the Employment Relations Commission for dispute resolution. At the Fact Finding hearing, the parties agreed that the critical issue in dispute is the pension plan, that wages would settle out, if a solution could be found to the pension plan dispute. In addition, dental/optical and health insurance issues remained unresolved. The parties agreed that the issues concerning job assignments, longevity, layoff language, and language concerning the operation of a tractor/trailer with "pup" would wash out when the pension issue was resolved. No evidence or testimony was presented concerning job assignments, layoff language, or the operation of a tractor/trailer with "pup." Accordingly, the issues before the Fact Finder are:

1. Dental/Optical
2. Health Insurance Premium
3. Wages
4. Pensions

Dental/Optical Issue

The language in the July 1, 1985 to June 30, 1988 Agreement reads as follows:

Section 1. The Employer will provide a dental reimbursement program for permanent full-time employees, spouses, and dependent children under 19 years of age up to \$500.00. The employee may use for his family as defined in this Article up to \$100.00 of the amount designated for dental care herein which has not been used by the employee for professional eye care including eye examinations and glasses. Said reimbursement is subject to submission of proof of billing for such expenses, with reimbursement to be included in the employee's next paycheck following submission by the employee of proof of billing.

Section 2. The dental reimbursement program shall apply only to permanent full-time employees and shall not apply to part-time employees.

--Union's Position:

The above language should be amended to provide the \$500.00 benefit for either optical or dental services.

--Employer's Position:

No change in the above language.

--Discussion:

The current program is, in effect, an Employer self-insurance program. Employer's Exhibit #14 shows that the 1988 cost of this program was \$12,694. The Employer's maximum potential liability is \$18,000.00. The Employer self-insures because if it paid \$50.00 per month in premiums, the cost of the program would be \$18,000.00; the differential would accrue to the insurance company rather than remain an asset of the Employer. The Employer believes the cost of the program would increase nearer to the maximum if the \$500.00 Dental/Optical benefit could be used for either optical or dental services. The Union stated that the present benefit available under the optical program does not even pay for a single pair of glasses. Merit can be found in both points of view.

--Fact Finder's Recommendation:

The language in the 1985-88 agreement should be amended on the 4th line of Section 1. to read: "...his or her family as defined in this Article up to \$150.00 of the amount..."

### Health Insurance Issue

At the present time the Employer is paying the following rate for Blue Cross/Blue Shield Health Insurance:

Single	\$94.97
Two Persons	\$214.94
Full Family	\$225.65

#### --Union's Position:

The Agreement generally has provided for full payment of premiums by the Employer for each full time employee. The Union's position is "no change" from this past language.

#### --Employer's Position:

The Employer would like the above rates capped at \$250.00 and any future excess premium rates above the family rate would be shared equally by the Employer and the employee.

#### --Discussion:

Employer's Exhibit #14 shows that the family rate has increased 70 percent during the beginning of the last 3-year Agreement. It is no secret that employers across the country in both the private and public sector have been trying to get a handle on soaring health care costs. The most frequently used methods of attempting to control health care costs include curtailment of benefits, second opinions on surgical procedures, and employee cost sharing. This Fact Finder is not adverse to the concept of employees sharing the cost of health insurance, but believes that adequate lead time before implementation of cost sharing is necessary so that all parties are fully aware of consequences of this type of change in policy.

#### --Fact Finder's Recommendation:

It is recommended that the Health Insurance costs should be capped at the following rates:

Single	\$101.00
Two Persons	\$260.00
Full Family	\$275.00

Rate increases in excess of the above figures should be equally shared by the employee and the Employer. In no event should the employee be required to pay more than 10 percent of the monthly premium costs.

Wages Issue

## --Union's Position:

July 1, 1988 to June 30, 1989 -- \$0.00 per hour increase  
July 1, 1989 to June 30, 1990 -- \$0.20 per hour increase  
July 1, 1990 to June 30, 1991 -- \$0.20 per hour increase

## --Employer's Position:

The Employer's position with regard to wages is the same as listed above.

## --Discussion:

Often the position of the parties on one issue changes in relation to what is bargained on another issue. That is the case in this instance. Depending on the final outcome in this round of bargaining, wages did not seem to constitute a major issue at the hearing. The Fact Finder, however, will issue a recommendation on wages so that the parties may be better able to facilitate an agreement on the total contract.

## --Fact Finder's Recommendation:

July 1, 1988 to December 31, 1988 -- \$0.00 per hour increase  
January 1, 1989 to December 31, 1990 -- \$0.20 per hour increase  
January 1, 1991 to June 30, 1991 -- \$0.20 per hour increase

This recommendation does not constitute a greater total cost to the Employer on wages, nor does it constitute less wages for the employees.

Pensions Issue

The language in the 1985-88 Agreement concerning pensions provides for the following:

Section 1. The present Pension Plan in effect among the Manistee Road Commission employees shall remain in effect through December 31, 1988. The Commission agrees to contribute to the existing defined contribution plan a maximum of Nine hundred fifty (\$950.00) dollars effective January 1, 1986, Nine hundred seventy-five (\$975.00) dollars effective January 1, 1987 and One thousand (\$1,000.00) dollars effective January 1, 1988. Employees who work less than seventy-five (75%) percent of his assigned hours shall receive only that part of the pension contribution as shall be determined by the application of a fraction in which the numerator shall be the regular hours worked in such year and the denominator shall be 2080 hours. (Employers Exhibit #4)

--Union's Position:

The Union wants the pension plan of the Municipal Employees' Retirement System (MERS) to be implemented effective January 1, 1989. Specifically the Union wants MERS Benefit Program C-1 (NEW), with 20 years credited service. (Union Exhibit #12, attached to this report as Attachment A)

--Employer's Position:

The Employer is not opposed to changing the Pension Plan to a MERS pension plan. The Employer's position concerning the change to MERS Benefit Program C-1 (NEW) with 20 years of credit service, however, hinges on the Union's willingness to allow the Employer to reacquire its past contributions made to the old pension plan, before assuming any obligations for prior service in the MERS plan. (Employer's Exhibit # 8, attached to this report as Attachment B)

--Discussion:

The Employer's present pension plan for the employees is a defined contribution plan. On one hand, the Union says to the Employer, "We know what amount of money goes in, but we are having trouble calculating what benefits will come out. We want to end this speculation and know what we can depend on in retirement. Therefore, we want a defined benefit program--specifically MERS with up to 20 years of credited service." On the other hand, the Employer says, "The up front costs are too expensive for us to pay for--if you insist on buying up to 20 years of prior service." So, in a nutshell, the dispute over pension plans is based on the Employer's concern with "what goes in" and the Union's concern over "what comes out."

During the hearing the Employer presented a series of exhibits concerning the pension plan issue. Employer's Exhibit #8 demonstrates the cost of various alternatives concerning the implementation of a MERS pension program with alternative provisions for credit for prior service of five, ten, or twenty years. Also demonstrated in this exhibit were alternate, reduced costs to the Employer based on the return to the Employer and a rollover of the same amount to MERS of those contributions made by the Employer since 1) January 1, 1984 (\$173,000.00), or 2) since the inception of the present defined contribution pension plan (\$400,000.00).

The Union does not support the rollover concept and, further, disagrees with the amounts cited in Employer's Exhibit #8 which estimates the Employer's contributions to the present pension plan. The Union believes comparable figures of approximately \$216,000.00 and \$500,000.00 to be more accurate estimates.

Another essential part to the dispute regarding pension plans concerns the bargaining history with the unit. The Employer showed in Employer's Exhibits #1, #2, #3, and #4, dating back to 1977, that the existing pension plan had been bargained for by the parties in the prior agreements. Further, the Employer claimed,

not only does the contract include language establishing bilateral agreement on the concept of a defined contribution pension plan, but it shows steady improvements negotiated by the Union on behalf of employees over the years. It is the Employer's position that it negotiated in good faith with the Union about the existing pension plan and the costs of the pension plan in prior contracts, and now the Union, in addition to wanting a different pension plan covering up to twenty years of the same service time, wants to keep the benefits (and the costs to the Employer) of the prior pension plan. The Employer believes it should not have to pay twice into a pension plan for the same work. And, accordingly, the Employer says, "If you insist on up to 20 years prior service credit, give us back the \$400,000.00 we made in contributions to a pension plan you no longer want. You can keep your members' individual contributions, but we want our money back, along with the accrued interest and dividends, before we will agree to the switch." The Employer's position has validity.

The Union pointed out, rather succinctly, the difficulties presented in accepting the rollover concept proposed by the Employer. It also illustrates the Union's dissatisfaction with the present defined contribution pension plan. First, the present pension plan represents a mingling of funds, with some funds contributed by the Employer and some by individual employees. The funds, which were credited to individual accounts, belong to each individual employee. Further, the Union stated, because of the voluntary nature of the present pension plan, there is a wide variance in the amounts credited to individual employees accounts --even those employees who have the same number of years of service. In support of its demand for the change to the MERS pension plan, the Union also pointed out how difficult it is to get precise information from the insurance company which holds the present defined contribution pension plan as to the value of the fund and a precise accounting for all contributions made to the plan.

Employer's Exhibit #13 revealed several facts. Specifically, Article 6, on page 11, states that each participant shall have two separate accounts set up for him. One account is for the Employer's contributions and one account is for the participant's contributions, but both accounts are set up in the participant's name. In addition, Article 6 states that individual participants may, on their anniversary date, withdraw any of their voluntary contributions. Further, on page 15, Section 9.2 points out that both the funds contributed by the Employer and the participant may be used to buy term insurance. Needless to say, any purchase of insurance results in the insurance salesperson taking his or her commission up front. This would, if purchased by participants on an elective basis, cause a wide variance among individual participant's accounts.

The Union indicated during the hearing that it wants the present pension plan to be dismantled. Upon review of Employer's Exhibit #13, the Fact Finder cautions the parties about dismantling the current pension plan. Recent amendments to the

Internal Revenue Service Code, along with new IRS regulations, raises, in the event of a rollover, the specter of "constructive receipt" of pension plan accounts and the possibility of the imposition of tax penalties for receipt of tax-deferred income. If such action is attempted, the dismantlement should be accomplished with the assistance of appropriate tax and legal consultants.

When Employer's Exhibit #10 is examined, the wide discrepancies in pension fund values between employees with equal seniority, is apparent. It appears that the value of these funds is so bound into the initiative of individual employees that a determination of the amount creditable to the Employer's share and the amount creditable to the employee's share would penalize those participants who, with prudence, managed their participation in the pension program to the advantage of the Employer. The Exhibit does lend credence to the Union's position that the fund belongs to the participants.

According to Employer's Exhibit #8 and Union's Exhibit #12, the cost of implementing the MERS Defined Benefit Pension Program with up to 20 years credit for prior service and with no rollover of prior Employer contributions (Option 3, Alternative A) to be 11.74 percent of payroll--or an increase in cost over the existing plan of 7.04 percent. In addition, Employer's Exhibit #8 shows, in Option 3, Alternative C, an alternative cost of 10.06 percent of payroll for implementing the same pension plan if \$400,000.00 in prior Employer contributions are returned to the Employer--or an increase in cost over the existing pension plan of 5.36 percent. Thus, the difference in cost to the Employer between the two alternatives (Option 3, Alternative A and Option 3, Alternative C) is 1.68 percent of payroll.

Because the existing pension plan is set up as individual retirement accounts, it would require the consent of each member of the bargaining unit to return the money to the Employer--one of several obstacles the parties face if the present pension plan is dismantled.

In regard to the pension issue, the problems are complex. Certainly the Employer's view that it has negotiated the pension issue in the past and should not have to negotiate again the same issue for the same service time has some merit. The wide variance, however, in the amount of assets each employee has with his or her individual account--even with the same seniority--raises questions as to the level of benefits and how uniformly such a plan could be administered prior to 1981, before the Employer made all the contributions to the pension plan. The Fact Finder is not implying that the plan was not correctly administered as set up originally, but that individual selectivity or participation in a plan meant to provide basic pension or disability benefits may produce results not in keeping with the public interest. The Union and its membership, in recognizing at this late date what they perceive to be a flawed pension plan, cannot expect the Employer to pick up the "tab" for 20 years prior service without some assumption of responsibility and liability on the part of the membership. As



noted above in the section dealing with "Wages," it was recommended that a \$0.20 cents per hour increase should be implemented six months earlier than agreed upon. This would constitute no additional cost to the Employer.

--Fact Finder's Recommendation:

The Fact Finder recommends the pension plan should be changed to the Municipal Employees' Retirement System Benefit Program C-1 (New), (Option 3, Alternative A, Employer's Exhibit #8) on a co-pay basis, effective January 1, 1989. The Employer would pay an additional 5.04 percent of payroll and the employees would, by payroll deduction, contribute 2.00 percent of their compensation. (Member contributions are allowed by MERS according the booklet submitted by the Union at the hearing.) With an employee contribution of 2.00 percent, or approximately \$15,000.00 annually, the increased cost to the Employer will be approximately \$43,000.00 annually, or an additional 5.04 percent of payroll costs. Further, in the event the Employer's costs for the pension plan are reduced to 10.74 percent of the payroll, it is recommended the individual employee's contributions should be reduced to 1.00 percent withholding. Further, if the Employer's cost is reduced to 9.74 percent, the individual employee's contributions should be eliminated. The Fact Finder's recommendation on wages would eliminate any reduction in the individual employee's take home pay caused by employee contributions to the MERS Pension Plan.

In the event the other issues listed in the petition for Fact Finding should resurface during further bargaining, the Fact Finder recommends no change from the 1985-1988 Agreement.

  
Harry W. Bishop, Fact Finder

Dated: February 14, 1989

## LIST OF EXHIBITS

## Employer's Exhibits

- #1 - Portions of the 1977-1980 Master Agreement
- #2 - Portions of the 1980-1982 Master Agreement
- #3 - Portions of the 1983-1985 Master Agreement
- #4 - Portions of the 1985-1988 Master Agreement
- #5 - Michigan DOT Map
- #6 - Selected County Comparables on Wages, Longevity, Pensions
- #7 - Employer Computed Contributions to Provide MERS Benefits
- #8 - MERS Pension Alternatives and Relative Costs
- #9 - Selected Benefit Comparisons Combining Both Plans
- #10- Fund Balances for Employees in Present Pension System
- #10A-Insurance Company's Projections for Present Plan Employees
- #11- Letter from Northwestern Mutual Life Re Pension Plan
- #12- Contract-Present Pension Plan
- #13- Administrative Employees' Pension Trust Agreement
- #14- Blue Cross/Blue Shield Health Insurance Costs
- #15- Projected Increased Wage and Pension Costs
- #16- County Comparable List of Labor and Fringe Benefits Costs As Percentage of Total Revenues
- #17- Average Labor and Benefits Costs of Eight Counties for 1984-1987
- #18- Fringe Benefits and Percent of Total Payroll for Eight Counties for 1984-1987
- #19- Pension Participants
- #20- Pension Plan Payment Summary

## Union's Exhibits

- #1 - Master Agreement, Mason County Road Commission and Teamsters Local 214
- #2 - Master Agreement, Wexford County Road Commission and United Steelworkers of America, Local Union #14449
- #3 - Master Agreement, Benzie County Road Commission and United Steelworkers of America, Local Union
- #4 - Master Agreement, Grand Traverse County Road Commission and Teamsters Local 214
- #5 - Annual Report, Michigan Transportation Fund, 1988
- #6 - 1988 Summary of Employee Contract Provisions for Michigan County Road Commissions
- #7 - Average Wage and Demographic Data for Four Counties
- #8 - Analysis of Revenues for the Year Ended 12-31-85
- #9 - Pension Participants
- #10- Pension Participants
- #11- Employer Computed Contributions to Provide MERS Benefits
- #12- Employer Computed Contributions to Provide MERS Benefits
- #13- Manistee County Road Commission Pension Proposal Analysis
- #14- Teamsters Dental and Vision Plan Booklet
- #15- Cost of Union's Contract Proposals
- Unnumbered Exhibit - Municipal Employees' Retirement System Booklet

## Manistee County Road Commission

EMPLOYER COMPUTED CONTRIBUTIONS TO PROVIDE MERS BENEFITS

	Benefit C-1 New (with 20 Year Maximum on Prior Service)	
	<u>Non-Union</u>	<u>Bargaining Unit</u>
Current Service Cost:		
Service pensions	7.61%	7.62%
Casualty pensions	<u>0.45</u>	<u>0.45</u>
Total (expressed as % of valuation payroll)	8.06	8.07
Accrued Service Cost (40 year amortization):	<u>3.52</u>	<u>3.67</u>
TOTAL EMPLOYER CONTRIBUTION RATE* (expressed as % of valuation payroll):	11.58%	11.74%
FIRST YEAR EMPLOYER DOLLAR CONTRIBUTION (based on projected payroll)#	\$ 21,868	\$ 94,924
Amount of Unfunded Accrued Liabilities	\$159,163	\$710,274

\* Based on 0% member contributions.

# Payroll projection factor is equal to 1.055.

Active Members in Valuation

	<u>No.</u>	<u>Total Payroll</u>
Non-Union	8	\$179,003
Bargaining Unit	<u>36</u>	<u>766,386</u>
Total	44	\$945,389

COMMENT: For each \$100,000 that is transferred into MERS from the previous pension plan, the above computed employer contribution will be reduced by 0.40% of payroll (Non-Union) and 0.42% of payroll (Bargaining Unit).

IN NEGOTIATION WITH THE MANISTEE COUNTY ROAD COMMISSION

MERS PENSION ALTERNATIVES AND RELATIVE COSTS\*

\* The various pension alternatives that follow are based upon the MERS data provided to the Commission by Michigan Employment Retirement Service, embodied in the attached Exhibit, which presumes an annual payroll of \$ 766,386 for the 36-employee bargaining unit and a 1.055 annual payroll projection figure. Comparison of the MERS alternatives with the prior plan is then based upon the approximate 4.7% ( $\$36,000/\$766,386$ ) employer contribution under the prior plan.

OPTION 1: CREDIT FOR PRIOR SERVICE TO 1/1/84

ALTERNATIVE A: NO ROLLOVER & ACCRUED LIABILITY OF \$184,870

	<u>%</u>	<u>Payroll</u>		<u>Total</u>
Current serv contrib:	7.81%	x \$766,386	=	\$ 59,855
Accrued serv contrib:	0.95%	x \$766,386	=	\$ 7,281
Total Emp'r contrib:	8.76%	x \$766,386	=	\$ 67,136
Adjusted by 1.055 projection factor			=	\$ 70,828
Increased Emp'r dollar contrib over prior plan (\$70,828 - \$36,000):				<u>\$ 34,828</u>
Increased Emp'r % contribution over prior plan (8.76% - 4.7%):				4.06%

ALTERNATIVE B: \$173,760 ROLLOVER & ACCRUED LIABILITY OF \$11,110

	<u>%</u>	<u>Payroll</u>		<u>Total</u>
Current serv contrib:	7.81%	x \$766,386	=	\$ 59,855
Accrued serv contrib:	0.18%	x \$766,386	=	\$ 1,379
Total Emp'r contrib:	7.99%	x \$766,386	=	\$ 61,234
Adjusted by 1.055 projection factor			=	\$ 64,601
Increased Emp'r dollar contrib over prior plan (\$64,601 - \$36,000):				<u>\$ 28,601</u>
Increased Emp'r % contribution over prior plan (7.99% - 4.7%):				3.29%

Annual cost difference between Alternatives A  
and Alternative B (\$70,828 - \$64,601): \$ 6,227

OPTION 2: CREDIT FOR A MAXIMUM OF 10 YEARS PRIOR SERVICE

ALTERNATIVE A: NO ROLLOVER & ACCRUED LIABILITY OF \$415,102

	<u>%</u>	<u>Payroll</u>		<u>Total</u>
Current serv contrib:	8.07%	x	\$766,386 =	\$ 61,847
Accrued serv contrib:	2.14%	x	\$766,386 =	\$ 16,401
Total Emp'r contrib:	10.21%	x	\$766,386 =	\$ 78,248
Adjusted by 1.055 projection factor			=	\$ 82,552
Increased Emp'r dollar contrib over prior plan (\$82,552 - \$36,000):				<u>\$ 46,552</u>
Increased Emp'r % contribution over prior plan (10.21% - 4.7%):				5.51%

ALTERNATIVE B: \$173,760 ROLLOVER & ACCRUED LIABILITY OF \$241,342

	<u>%</u>	<u>Payroll</u>		<u>Total</u>
Current serv contrib:	8.07%	x	\$766,386 =	\$ 61,847
Accrued serv contrib:	1.39%	x	\$766,386 =	\$ 10,653
Total Emp'r contrib:	9.46%	x	\$766,386 =	\$ 72,500
Adjusted by 1.055 projection factor			=	\$ 76,488
Increased Emp'r dollar contrib over prior plan (\$76,488 - \$ 36,000):				<u>\$ 40,488</u>
Increased Emp'r % contribution over prior plan (9.46% - 4.7%):				4.76%

Annual cost difference between Alternatives A  
and Alternative B (\$82,552 - \$76,488): \$ 6,064

OPTION 3: CREDIT FOR A MAXIMUM OF 20 YEARS PRIOR SERVICE

ALTERNATIVE A: NO ROLLOVER & ACCRUED LIABILITY OF \$710,274

	<u>%</u>	<u>Payroll</u>		<u>Total</u>
Current serv contrib:	8.07%	x \$766,386	=	\$ 61,847
Accrued serv contrib:	3.67%	x \$766,386	=	\$ 28,126
Total Emp'r contrib:	11.74%	x \$766,386	=	\$ 89,973
Adjusted by 1.055 projection factor			=	\$ 94,922
Increased Emp'r dollar contrib over prior plan (\$94,922 - \$ 36,000):				<u>\$ 58,922</u>
Increased Emp'r % contribution over prior plan (11.74 % - 4.7%):				7.04%

ALTERNATIVE B: \$173,760 ROLLOVER & ACCRUED LIABILITY OF \$536,514

	<u>%</u>	<u>Payroll</u>		<u>Total</u>
Current serv contrib:	8.07%	x \$766,386	=	\$ 61,847
Accrued serv contrib:	2.94%	x \$766,386	=	\$ 22,532
Total Emp'r contrib:	11.01%	x \$766,386	=	\$ 84,379
Adjusted by 1.055 projection factor			=	\$ 89,400
Increased Emp'r dollar contrib over prior plan (\$89,400 - \$ 36,000):				<u>\$ 53,400</u>
Increased Emp'r % contribution over prior plan (11.01% - 4.7%):				6.31%

ALTERNATIVE C: \$400,000 ROLLOVER & ACCRUED LIABILITY OF \$310,274\*

	<u>%</u>	<u>Payroll</u>		<u>Total</u>
Current serv contrib:	8.07%	x \$766,386	=	\$ 61,847
Accrued serv contrib:	1.99%	x \$766,386	=	\$ 15,251
Total Emp'r contrib:	10.06%	x \$766,386	=	\$ 77,098
Adjusted by 1.055 projection factor			=	\$ 81,339
Increased Emp'r dollar contrib over prior plan (\$81,339 - \$ 36,000):				<u>\$ 45,339</u>
Increased Emp'r % contribution over prior plan (10.06% - 4.7%):				5.36%

\* This \$400,000 rollover figure represents the employer's approximate pension contribution all the way back to the inception of the plan. It does not include any employee contribution.