



MEBA Union Trustees Deliver

MEB A Benefit Plans are the best plans in the maritime industry. During the past two years, as Chairman of the Benefit Plans, I have worked diligently to gain the respect this Union deserves from the Company-side Trustees. Through hard work and perseverance, the Union has formed a solid working relationship with the Company Trustees. As Trustees we understand that our goal is to preserve the assets of the funds while continuing to provide members and their dependents with the best benefits in the industry. At the beginning of 2002 the Union recognized that things needed to change in order to further protect the health and well being of members and their families, and retirees and their families. After all, you deserve it. Below are highlights of the major improvements that the Union has gained for you:

Pension Plan

As Trustees of the MEBA Pension Trust we recognized certain deficiencies in protecting the children of unmarried participants and took steps to correct this situation.

- We approved an amendment to the Plan providing for a Lump Sum Death Benefit option for children of unmarried members who are eligible for a lump sum benefit, elect this option and die prior to retiring. This benefit is payable to your children regardless of their age.
- We also examined the Plan rules that govern payments of survivor benefits to dependent children under the age of 18 of active members who are eligible to receive a pension and die leaving no surviving spouse. The amount of this benefit, 50% of the Pension to which the Member would have been entitled to at the time of his or

her death, was payable only until the dependent children reached age 18. We believed that this caused an undue hardship for children still in high school, so we expanded the benefit in order to provide a benefit that is payable through the "earlier" of the month in which the child reaches age 19 or the month in which the child graduates from high school.

The Union recognized the need to further protect surviving spouses of Members who are vested and die before reaching their earliest retirement age. At our last Board of Trustees meeting, the Trustees of the Deep Sea Pension Plan approved a new actuarially adjusted pension benefit payment option for surviving spouses of MEBA Deep Sea Pension Plan participants. Effective November 1, 2003, surviving spouses of vested Deep Sea Pension Plan participants will have the option to immediately take the equivalent of a joint and survivor's pension benefit. Prior to this Trustees meeting, surviving spouses would only receive a survivor's benefit at the earliest retirement age of the deceased participant. Now, a surviving spouse can immediately receive an actuarially adjusted survivor's benefit without having to wait for the earliest retirement age of their deceased spouse.

We also desired to help out older retirees. The Trustees recognized that some of our older pensioners were living with limited income. We therefore approved a 15% increase in pension benefits for all retirees on the pension rolls who retired with an effective date prior to 1/1/76. About 390 retirees and surviving spouses of retirees who retired before January 1, 1976, received this increase in their pensions effective January 1, 2003.

401(k) Plan

Your 401(k) Plan is designed to provide you with a vehicle for retirement savings over

and above those that you might receive from the Pension and MPB Plans. To encourage the accumulation of these additional retirement funds, the Trustees recently approved and finalized three amendments to the 401(k) Plan. The Plan can now receive Employer matching contributions from new Employers who, through collective bargaining, become signatories to the Plan on and after August 1, 2003. Additionally, for all participants, the plan can now accept rollover contributions from other eligible retirement plans and individual retirement accounts. All 401(k) Plan participants can now also make after tax contributions to the 401(k) Plan.

401(k) and Self Directed Money Purchase Benefit Investment Options

Knowing that investing your 401(k) Plan retirement savings and your self-directed MPB can be a difficult and time-consuming job, the Trustees recently added the Fidelity Freedom Funds and the Vanguard Life Strategy Funds to the line-up of investment options available to you. These mutual funds are designed to simplify your retirement investing and help take the guesswork out of your asset allocation decisions.

The Fidelity Freedom Funds will enable you to choose one investment option that's designed to match your target retirement date and goals for the future. The Vanguard Life Strategy Funds offer four pre-set asset allocation strategies and provide you with a simple way to meet typical investment needs at different stages of life. Both approaches are not only simple but are also sophisticated alternatives for those who don't have the time, confidence or investment knowledge to create and manage a well diversified portfolio on their own. The Plan Office is working with Fidelity and Vanguard on communications describing the details of both.

The Trustees also expanded the individual funds options available to you by adding a REIT Index Fund to your Vanguard choices and an Equity Income Fund to your Fidelity choices.

Medical Plan

The Medical Plan provides excellent benefits for both active and retired participants. The level and extent of these benefits is unparalleled in most industries, especially in the maritime industry. Everyone in the MEBA community - from the Trustees to long term and recent retirees, current members, even the most recent applicants for membership and all your dependents - can and should be quite proud of the MEBA Medical Plan.

At a time when health care costs for all medical plans across the country are rising and many benefit plans are cutting and even eliminating benefits for retirees and active members, the Trustees of the MEBA Medical and Benefits Plan have taken steps to preserve the Plan and to protect and maintain every participant's current level of benefits and, when possible, improve them.

In order to maintain this level of excellence, the Trustees had to ensure that the Medical Plan was not overtaken by the double-digit increases in medical costs that have gripped the nation and our medical plan for numerous years. For the last several years, the rapidly accelerating increase in retiree medical costs has been the greatest factor in the Medical Plan's overall cost increases.

As Trustees we recognized that doing nothing would hurt everyone in the long run, so we decided to increase retiree contribution rates to narrow the gap between retiree

contributions and the true cost of providing existing retiree medical benefits. This was the first increase in retiree contribution rates since 1994.

Taking another step to cut costs without cutting benefits, we ended the Plan's payment of benefits for shipboard injuries and illnesses. These costs are now paid entirely by the employers, as required by the Jones Act. This change is expected to save the Plan several hundred thousand dollars a year.

As Trustees we have continued to expand on the Plan's "Well Care" benefits by amending the Plan to provide for routine colonoscopies every five years for active and retired participants over the age of 50 and their dependents over the age of 50.

And our concerns for surviving spouses and dependents drove our decision to approve a new benefit for surviving spouses and dependent children of our Members. Effective November 1, 2003, the surviving spouses and dependent children of active medical Plan participants who have five or more years of pension vesting service will now be able to continue their participation in the Medical Plan, subject to the co-pay requirements for retiree health care coverage. The coverage for a surviving spouse will continue until they become eligible for Medicare, usually when they attain age 65. The coverage for dependent children will continue until they cease to be "dependents" under the Medical Plan. The co-pay is the greater of 6% of the deceased Member's pension benefit or \$100.00, and covers the surviving spouse and all dependent children.

Training Plan

In our continuing efforts to assure the preparedness of our membership, the Trustees have authorized several changes to the Training Plan Regulations and the development of course curriculum to facilitate your preparedness to comply with government vessel operation requirements. Also, in order to make sure our membership is current with the ever changing technology aboard MEBA contracted vessels, the courses offered by the Calhoun MEBA Engineering School are under constant review, modification and improvement in order to meet the demands of today's maritime industry.

To assure the preparedness of our Mates, the Trustees authorized the payment of a \$50.00 stipend per day to all Training Plan-eligible MEBA Deck Officers who desire to ride Great Lakes vessels as observers in order to receive their Great Lakes Pilotage. Also, the Trustees directed Calhoun School Director Joyce Matthews to provide them with a fully developed proposal to secure a state of the art four-bridge simulator for Deck Officer training. Final approval of the project is expected at the next scheduled meeting to be held in January.

We continue to serve the best interests of both you and your family. The accomplishments outlined above have been gained by the MEBA Trustees. Together, we have carried forward the will and desire of the MEBA membership. We recognize that your wages are only part of your compensation package while working aboard ship. The remaining portion, and most important to you and your family in this day and age of rising benefits costs, are the fringe benefits. We are proud to provide you with the best benefits in the maritime industry.



Ron Davis

The Union-side Trustees: Chairman and MEBA President Ron Davis • Executive Vice President Bud Jacque • Secretary-Treasurer Cecil McIntyre • Atlantic Coast Vice President Don Keefe • Gulf Coast Vice President Marc Huber • Seattle Branch Agent John McCurdy
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