

WHAT IS A PENSION? HOW DOES IT WORK?

A pension is a Union negotiated benefit that requires the employer to contribute money for a worker's retirement. Workers do not make contributions. When workers retire, they receive this pension benefit for the rest of their life.

Hormel workers need to have 5 years of service to receive this benefit (also known as to be vested).

When you decide you are close to retirement, go to the Human Resources office and request an estimate and let HR know the date you want to retire so they can help you with paperwork. You will get to choose from 4 options on how to receive this lifetime benefit:

- #1 Single Life Annuity
- #2 50% Joint And Survivor Annuity
- #3 Joint and 2/3 Survivor Annuity
- #4 75% Joint Survivor Annuity

Single Life Annuity means only the worker gets the lifetime benefit.

Survivor Annuity means if the worker dies, their spouse will continue to get the lifetime benefit.

If you have at least 10 years of service at Hormel and die while you are employed, there is a spouse and orphans benefit. The default payout is 75%.



HOW MUCH MONEY DO I GET FROM MY PENSION

AT HORMEL?

The amount of money you get will depend on:

- Which option you choose from the 4 listed above - individual only or one of the survivor options
- The pension multiplier - this is a number that is negotiated between Hormel and our Union in contract negotiations
- Your years of service - if you have at least 30 years of service you get the full benefit and your age at retirement will not matter
- Your age at retirement - 65 is considered the “normal” retirement age. If you retire before 65, there are reductions in the amount you will receive.
 - However, if you are at least 62, with at least 25 years of service, there are no reductions.

The pension multiplier right now in 2023 is \$33. Our Union has negotiated increases for the pension multiplier over the years. In the 1990’s it was around \$15. Our goal is to increase this pension multiplier over time.

Here are some **EXAMPLES** if you choose the **SINGLE LIFE ANNUITY** if you are retiring right now in 2023:

If you retire at 30 years of service, age does not matter

30 years of service

X \$33 pension multiplier

\$990.00 per month for the rest of your life (single life annuity; remember you will pay taxes so it will be less)

If you retire at 25 years of service, at least age 62

25 years of service

X \$33 pension multiplier

\$825.00 per month for the rest of your life (single life annuity; remember you will pay taxes so it will be less)

If you retire at 10 years of service, age 55

You will receive a reduced amount because you are not at the “normal” age of retirement. The reduction is 0.06% per year, using 65 years of age being the retirement age.

10 years of service

X \$33 pension multiplier

\$330.00

- \$198.00 deduction for 10 years early retirement, this is 60% less

\$132 per month for the rest of your life (single life annuity; remember you will pay taxes so it will be less)

If you have any retirement or pension questions you can come to our Union Hall, visit Hormel HR office or call the Hormel Solution Center at 1-866-449-7712.

VIEW ALL BARGAINING DOCUMENTS AT:

