

**Declining Hours Worked.** With nearly all retiree benefit programs, including the Social Security system, there are fewer and fewer active employees to help contribute to providing benefits for retirees. In 1971, there were approximately nine active employees for each participant in the Trust. Today, that ratio has dropped to about one active employee for each two participants in the Trust.

In the early years of the Trust, the hours worked by the employees of the participating employers were generally increasing. In the 1977-78 fiscal year, the hours worked were at a peak of approximately 133 million. Subsequent to that peak year, the hours worked have been steadily decreasing. Of course, decreasing numbers of hours worked means decreasing contributions to the Trust.

In considering contributions to the Trust, the following figures clearly show the dramatic drop in hours reported to the Trust.

Plan Years Ending	Total Hours Reported
June 30, 1967	113,992,774
June 30, 1970	118,473,220
June 30, 1978	133,119,866
June 30, 1980	123,053,722
June 30, 1985	82,789,816
June 30, 1990	69,065,521
June 30, 1995	53,862,823
June 30, 2000	39,492,748
June 30, 2005	24,495,322
December 31, 2011	20,773,509

In some years, the Trust has seen declines in hours from one year to the next as high as 10%. However, hours are likely to remain relatively steady in 2012.

The cost to the Trust of providing benefits to a non-Medicare eligible participant is, on average, more than five times higher than the cost of providing benefits to a participant who is Medicare eligible.

**Early Retirees.** Non-Medicare eligible retirees greatly affect the costs of retiree health benefit plans. These plans generally pay more for the health care of early retirees than for retirees with Medicare. The Trust's costs have also been continuously affected by early retirees.

When the Trust began, there were relatively few participants in the Plan who were under age 65. Coverage under the Plan was also largely restricted to the payment limits of Medicare. As pension plans improved, more and more people began retiring unexpectedly. These early retirements have put ongoing pressure on the Trust's funds. Some years, early retirements accounted for about 70% of the total number of new retirees who were being enrolled in the Trust.

**General Aging.** The escalation in the numbers of seniors also contributes to funding issues for the Trust and other retiree benefit programs, including Medicare. Participants are now covered by the Trust's Plan for longer than ever, with greater health care needs and expenses.

