

The ILWU-PMA 401(k) Savings Plan: Making Strides for the West Coast Port Workforce

Maintaining the competitive advantage of the West Coast ports in global trade depends heavily on a strong and motivated workforce. In 1991, the Pacific Maritime Association (PMA) and the International Longshore and Warehouse Union (ILWU) jointly established a 401(k) savings plan to allow workers to defer income for tax advantages, provide additional retirement income and ensure a competitive work environment.

This tax-deferred program

allows registered longshore workers, marine clerks, walking bosses and watchmen in the ILWU the option of having funds

retirement. As an added benefit, the PMA pays all administrative costs associated with the plan on behalf of each participant.



The Port of Sacramento

Reaching Milestones

The plan has achieved several milestones in its short history. For example, the number of plan participants has climbed steadily. Currently, more than 5,000 registered workers participate in the plan,

deducted from their paychecks and placed into investment funds. In addition to building an automatic savings, the funds are not taxed until withdrawn for

comprising 54 percent of the total eligible work force. The participation rate is up 86 percent compared to just four years ago. In fact, almost all new registered workers choose to participate in the plan according to the plan administrator.

“What’s remarkable is that those who do *not* participate in the program are now the minority,” said Tom McMahon, senior vice president for finance and administration, PMA.

In addition to the growing participation rate, fund assets have skyrocketed. By Dec. 31, 1998, total fund assets grew to more than \$218 million, up 16 percent from only June of the same year. Fund assets have grown an impressive 650 percent since 1994.

“Many employees who have participated in the plan since [its] inception eight years ago, now have more than \$200,000 in assets,” said McMahon. “I’m amazed at the growth in the plan.” →

SPOTLIGHT: PORT OF SACRAMENTO

During the California gold rush in the mid-1800s, the first schooner docked along the river in downtown Sacramento. Today, the region is more active than ever with the Port of Sacramento at the center of one of the richest agricultural and industrial areas in the world.

Annually, 1.3 million tons of cargo cross the docks of this inland river port. Located 79 nautical miles northeast of San Francisco, the port sports five berths and a 200-railcar terminal area. It boasts extensive commodity handling capabilities including bulk rice and grain elevators, a bulk commodities bagging facility and dry bulk cargo warehousing.

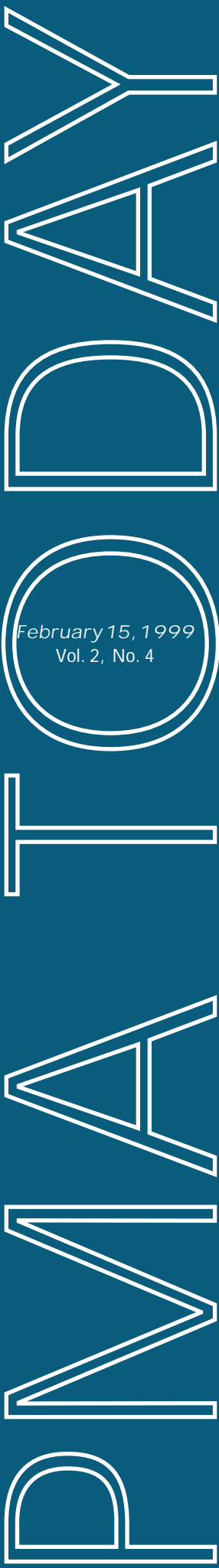
To build and maintain its competitive advantage, the port is establishing a new dockside hopper to offload dusty cargoes, such as grains and fertilizers. In addition to enabling faster cargo discharge, the new hopper will improve air quality and comply with environmental standards.

“With the new hopper, we hope to increase our grain and feed products import business,” said Steve Mathis, traffic manager for the Port of Sacramento.

Exports of rice, the port’s top-volume cargo, are also expected to increase. And the Port of Sacramento sees itself as a logical export gateway. Throughout late 1998 and early 1999, the peak of the rice harvest season, the port handles more than 170,000 tons of rice bound for Japan. And the rice industry expects exports to Japan and South Korea to grow by 43 percent and 60 percent, respectively, in the next three years.

For more info, visit the port’s web site at www.portofsacramento.com.

PMA Today is a publication dedicated to highlighting West Coast port activities and developments as they relate to economic and international trade issues in the 21st century. We hope you enjoy PMA Today and find it to be a valuable informational resource. For more information about PMA, please visit our web site at <http://www.pmanet.org>.



February 15, 1999
Vol. 2, No. 4

Did you know . . .

. . . that eleven Asian and Pacific Rim trading partners of the U.S. account for more than 90 percent of the total dollar value of waterborne cargo moving through West Coast ports? The ports trade mainly with Japan, Korea, China, Taiwan, Australia, Hong Kong, Philippines, Thailand, Indonesia, Malaysia and Singapore.

Source: The Pacific Maritime Association

Real Savings

But how much can a participant in a 401(k) plan expect to save? If, each year for 25 years, a participant saves the \$10,000 maximum cur-

the latest returns have been exceptional, there is no guarantee that future returns will replicate those of the past. The Rosenberg Equity Fund is one of five plan investment



Longshore employees at the Port of Oakland.

rently allowed by the IRS and invests in a plan that yields an average of eight percent per year, the funds will grow to \$731,059. Upon retirement, if the individual reinvests that amount at an eight percent annual rate of return, the retiree can expect an income of \$4,900 per month.

And an eight percent rate of return is conservative by today's standards. In 1998, investments in the Rosenberg Equity Fund, yielded an astronomical 46 percent rate of return, up from 32 percent from the previous year. While

options offered which vary by risk and potential return.

Looking Forward

Although the 401(k) savings plan is reaping significant rates of return and an all-time high participation rate, there is still room for improvement. In cooperation with the ILWU, the PMA will soon research and select additional investment options, such as international and small cap funds. By providing more fund options, the plan helps participants to meet their personal investment goals. ●

Member Profile-Jones Stevedoring



Jones Stevedoring operations at the Port of Tacoma.

president of operations for Jones Stevedoring.

The company has made an annual ritual of topping its class in the Pacific Maritime Association's Accident Prevention Awards Program.

"We are proud to be an industry leader in safety," Stearns said.

Jones Stevedoring Company traces its history back to the days of four masted schooners, when D.C.H. Rothschild founded a mercantile and ship service in Port Townsend, Wash. Mr. Rothchild's son, Henry, expanded into stevedoring in partnership with his brother-in-law, William J. Jones, and the two led the company through tremendous growth.

Today, Jones Stevedoring Company maintains operations in every U.S. North Pacific port and conducts business with global clients. The current company president, Clayton Rothschild Jones III, is the fifth generation of the Jones and Rothschild families to run the business.

Even after 140 years in the business, Jones Stevedoring Company retains the essence of a family-run business. And one of its hallmarks is "looking out for the well-being of the employees and longshoremen who work for the company," said Doug Stearns, vice

Jones Stevedoring is a leader in cargo handling, terminal management and transportation logistics. The company handles cargo ranging from containers, automobiles, grain, steel and forest products to specialty cargos such as a full-size carnival roller coaster.

With responsibility for handling one of the largest trans-Pacific communications projects, Jones Stevedoring worked with port authorities to develop new handling techniques for fiber optic cable. The company completed the job on time and under budget.

"Responding to our customers' quests for competitive pricing and responsive stevedoring, we partner with customers to identify innovations and creative solutions that serve them best," said Peter Bradfield, senior vice president of marketing and sales for Jones Stevedoring. "Teamwork is the key." ●