



CASE STUDY

Welfare Fund Turnaround

Issue

A local area Welfare Fund faced a Fund Balance of approximately \$1 million, which had been steadily declining. The \$1 million represented less than seven months of reserves of its benefits costs. The Fund Balance was half of what it was four years prior and the reserve months were at its lowest level in the history of the Fund.

Solution

Cowden was retained as consultant for the Fund and initiated the following projects aimed at progressively increasing the Fund Balance of the client.

- A study was conducted of the levels of all Fund revenues and expenditures.
- Cowden evaluated employer contribution rates, members' account charge rates and provided a recommended sustainable level for each.
- Cowden evaluated and recommended a number of Fund design changes that would put the expected benefit expenses below expected revenues for the next three years.
- A quarterly report was developed that provides both a historical and projected Fund Balance and number of reserve months. This report is presented by Cowden consultants at each quarterly meeting, which contains current actuals and projections.

**Welfare Fund
Balance Increases
\$1.6 Million in 3
Years Reserve
Months Double**

“I wish we had worked with Cowden Associates years earlier. The way they communicated trends in our welfare fund got our attention instantly... and helped force us to address hard issues before they became a crisis.”

- UNION TRUSTEE CONSTRUCTION TRADES



Results

Cowden's implemented solutions resulted in:

- Fund Trustees adopted the recommendations of Cowden, which assured an increase in the Fund Balance over a three year period. After three years, the Fund Balance had increased to more than \$2.6 million. At this point, the number of reserve months had reach 13 and continues to be stable.
- The Trustees tracked the reserve months and Fund Balance over a three-year period, referring to the report Cowden generated quarterly.
- Subsequently, Cowden conducted another Fund study and incorporated a new round of funding and design changes in order to assist the Fund in maintaining an ongoing stable balance.

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