

Board of Pilot Commissioners
for the Bays of San Francisco, San Pablo, and Suisun

**Staff Report: Three-year Review of the San Francisco
Pilot Pension Plan Benefits**

January 13, 2026

EXECUTIVE SUMMARY

Harbors and Navigation Code §1167 requires the Board to review San Francisco Pilot Pension Plan benefits every three years and allows increases up to 50% of the CPI increase, considering maritime industry practice.

The policy choice for the Board is whether to leave benefits unchanged or approve an increase of up to 4.128% or 4.425%—depending on the calculation methodology the Board chooses to use.

For its 2026 review the Board may wish to consider:

CPI Results and Maximum Allowed Increase

- December-to-December methodology: 8.256% CPI → maximum benefit increase of 4.128%.
- Annual-average methodology: 8.850% CPI → maximum benefit increase of 4.425%.
- The Board may choose any increase from 0% up to the above caps.
- From a methodological perspective, the Board has typically used the December-to-December methodology to determine the benefit increase amount.

1. Background

Harbors and Navigation Code (HNC) §1167, requires the Board of Pilot Commissioners (Board) to review the benefits provided by the San Francisco Pilot Pension Plan (PPP) every three years or when the Consumer Price Index (CPI) has increased by more than 12% within that period. After its review, the Board may act to increase the amounts paid to PPP beneficiaries or leave them at their current rate. In making its decision, the Board is required to consider maritime industry practice.

The Board's last review of pension benefits occurred in February 2023. Since the CPI has not exceeded 12% in the past three years, the Board is now required to review the PPP benefits in 2026, and make a determination if an increase to the beneficiary target amounts is warranted.

2. Authority

HNC §1167 provides the authority for the Board's review:

- (a) The board shall review the benefits received by retired or disabled pilots and inland pilots and their surviving spouses every three years or when the cumulative percentage increase in the Consumer Price Index (San Francisco Bay Area) has exceeded 12 percent, whichever occurs first.*
- (b) The board may increase the monthly pensions specified in Section 1163. Those increases shall take into consideration the maritime industry practice in the United States as brought to the attention of the board by the pilots, inland pilots, or the industry. The increase shall not exceed 50 percent of the cumulative increase in the Consumer Price Index (San Francisco Bay Area). Monthly pensions for retired pilots, inland pilots, or their surviving spouses who have been retired less than the full three-year interval between adjustments shall increase on a pro rata basis according to the number of months that those persons have been retired prior to that adjustment.*

(Amended by Stats. 1993, Ch. 1192, Sec. 5. Effective January 1, 1994.)

3. Rounding, Methodology, and Data Sources

Rounding. Consistent with prior reports and where applicable, dollar values have been rounded to the nearest whole dollar for enhanced readability and easier comparison across datasets. Minor

discrepancies in totals may occur due to rounding, and these variations do not indicate errors in calculation or data integrity.

Accounting Methodology. The PPP uses the accrual accounting method, sometimes referred to as billing, to determine benefit amounts and disburse benefits to beneficiaries.

Data Sources. The data used in this report is sourced from audited financial statements prepared by the State Controller’s Office (SCO) and from the San Francisco Bar Pilots (SFBP). CPI data is sourced from the Bureau of Labor Statistics (BLS).

4. Amount and Effective Date of Prior Adjustments

The Board last reviewed the PPP benefits at its meeting on February 23, 2023, at which time it also approved an increase of 5.76% to the monthly target pension amounts for PPP participants. This adjustment became effective April 1, 2023.

Historical adjustments from 1996 through 2023 are listed in the following table.

Table 1. Historical Adjustments

Effective Date	Percentage Increase
4/1/1996	2.40%
4/1/1999	5.03%
4/1/2002	6.93%
4/1/2005	2.35%
4/1/2008	4.76%
4/1/2011	2.10%
4/1/2014	3.97%
4/1/2017	4.84%
4/1/2020	5.11%
4/1/2023	5.76%

5. CPI Data

Consumer Price Index (San Francisco Bay Area) data was obtained from the BLS.¹ The chart below shows the monthly and annual CPI data from 2015 through 2025 for the San Francisco-Oakland-Hayward.²


¹ CPI is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. Data source: <https://data.bls.gov/PDQWeb/cu>.

² From the 2023 Staff Report: “CPI data is not available for only the San Francisco Bay Area as called for in the Harbors and Navigation Code. The Chief Economist for the Department of Finance has confirmed that consumer price index data from the San Francisco-Oakland-San Jose, CA area is the appropriate data to use for the CPI calculation.” Board of Pilot Commissioners, “Staff Report—San Francisco Pension Plan,” February 13, 2023.

Table 2. CPI Data, 2015 through 2025

Consumer Price Index for All Urban Consumers (CPI-U)

Series Id: CUURS49BSA0,CUUSS49BSA0
 Not Seasonally Adjusted
Series Title: All items in San Francisco-Oakland-Hayward, CA, all urban consumers, not seasonally adjusted
Area: San Francisco-Oakland-Hayward, CA
Item: All items
Base Period: 1982-84=100

Download:  [xlsx](#)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2015		254.910		257.622		259.117		259.917		261.019		260.289	258.572	256.723	260.421
2016		262.600		264.565		266.041		267.853		270.306		269.483	266.344	263.911	268.777
2017		271.626		274.589		275.304		275.893		277.570		277.414	274.924	273.306	276.542
2018		281.308		283.422		286.062		287.664		289.673		289.896	285.550	282.666	288.435
2019		291.227		294.801		295.259		295.490		298.443		297.007	295.004	293.150	296.859
2020		299.690		298.074		300.032		300.182		301.736		302.948	300.084	299.109	301.059
2021		304.387		309.419		309.497		311.167		313.265		315.805	309.721	306.724	312.718
2022		320.195		324.878		330.539		328.871		332.062		331.222	327.060	323.408	330.711
2023		337.173		338.496		340.056		340.094		341.219		339.915	339.050	337.689	340.411
2024		345.151		351.247		351.064		349.290		349.370		348.001	348.417	347.857	348.977
2025		354.432		355.707		356.460		357.992		-(X)		358.568	356.005	354.522	357.786

X : Data unavailable due to the 2025 lapse in appropriations

The CPI data in the table above is not seasonally adjusted, nor should it be. The BLS provides both Seasonally Adjusted (SA) and Not Seasonally Adjusted (NSA) CPI data to serve different analytical purposes. NSA data reflects actual prices consumers pay and is best used for understanding price changes and cost escalations, while SA data removes predictable seasonal patterns to reveal underlying inflation trends for more precise month-to-month comparisons. Both metrics are valuable tools, with NSA showing real-world price impacts and SA enabling clearer analysis of short-term economic trends.³

6. CPI Calculations

a. Background

While HNC §1167 mandates the use of the CPI as the baseline, it does not require that the Board employ a particular methodology when calculating the benefit increase amount. For example, HNC §1167 does not state whether the Board should employ a December-to-December (point-to-point) or an annual calculation methodology. Historically, the Board has opted to calculate benefit increase amounts using the December-to-December (point-to-point) method.

³ For more information, see: <https://www.bls.gov/cpi/seasonal-adjustment/questions-and-answers.htm>.

However, it should be acknowledged that the Chief Economist of the Department of Finance has previously recommended using annual averages instead, noting that annual CPI is less volatile than the monthly figure.⁴ Unlike prior reports, which only included the increase associated with the December-to-December methodology, this report includes the results from both methodologies for the Board’s consideration.

It is unclear why the Board has used the December-to-December calculation methodology for past increases, but data availability is the most likely reason. Prior staff reports have opined that “the Board elected to use the point-to-point calculation methodology since in years past annual CPI data was not available early in the year for a prior year, and the Board typically reviewed CPI data every three years in early spring with historical pension increases effective April 1. Annual CPI data is now available in mid-to late January.”⁵ The BLS now makes SA and NSA CPI data available in mid-January, which makes it possible to include both calculation methodologies in this report.

b. Option 1: CPI Calculation Using December-to-December Methodology (Approach Customarily Used by the Board)

The cumulative increase in CPI from December 2022 to December 2025 for the point-to-point methodology is 8.256%.

FORMULA:

$$\text{Cum. Dec. 2022 – to – Dec. 2025 CPI Increase} = 100 \times \left(\frac{(\text{Dec. 2025 CPI} - \text{Dec. 2022 CPI})}{\text{Dec. 2022 CPI}} \right)$$

CALCULATION:

$$8.256\% = 100 \times \left(\frac{(358.568 - 331.222)}{331.222} \right)$$

c. Option 2: CPI Calculation Using Annual Average Methodology

The cumulative annual increase in CPI from 2023 to 2025 for the annual average methodology is 8.850%.

FORMULA:

$$\text{Cum. Annual CPI Increase} = 100 \times \left(\frac{(\text{Annual 2025 CPI} - \text{Annual 2022 CPI})}{\text{Annual 2022 CPI}} \right)$$

CALCULATION:

⁴ Board of Pilot Commissioners, “San Francisco Pension Plan,” 4.

⁵ Board of Pilot Commissioners, “San Francisco Pension Plan,” 4.

$$8.850\% = 100 \times \left(\frac{(356.005 - 327.060)}{327.060} \right)$$

7. Minimum and Maximum Increase Percentages

HNC §1167(b) states that the Board’s increase to monthly pension target payments may not exceed 50% of the cumulative increase in the CPI. As such, the percentage increase the Board could consider is between zero and the amounts calculated below.

a. Option 1: Minimum and Maximum Increases Using December-to-December Methodology (Approach Customarily Used by the Board)

Minimum Increase	Maximum Increase
0%	4.128% = 50% of 8.256%

b. Option 2: Minimum and Maximum Increases Using Annual Average Methodology

Minimum Increase	Maximum Increase
0%	4.425% = 50% of 8.850%

8. Benefit Proration for Participants in the Plan less than Three Years

Should the Board act to increase pension benefits, HNC §1167(b) a requires that the percentage increase in pension benefits be prorated for plan participants who have been in the plan less than three years. The maximum percentage increases for plan participants who have been in the plan for less than three years is shown in the chart below.

During the period from April 1, 2023, the date of the last adjustment, to January 1, 2026, two retirements took place. Consequently, adjustments for these participants will be prorated according to the number of months that these pilots have been retired as illustrated in the table below.

In addition to the two retirements in the table below, one pilot voluntarily relinquished his license on December 31, 2023. However, due to age and service requirements, this pilot will not be eligible to collect pension benefits until January 2038. Therefore, this pilot is not entitled to an April 1, 2026, adjustment, should the Board act to increase pension benefits.

Table 3. Benefit Proration

Pilot Retirement Start Date	Months Prior to Adjustment Date of April 1, 2026	Percentage of 3-year Interval	Prorated Benefit Increase of 4.128%	Prorated Benefit Increase of 4.425%
3/8/2024	24	66.67%	2.752%	2.950%

9. Understanding Plan Structure: Target vs. Payments to Participants

a. PPP Components

The PPP is comprised of two components:

- The first component is a statutorily defined mechanism that establishes the target benefit amount each plan participant should receive.
- The second component is the revenue collection mechanism. Revenue is generated through a surcharge applied to current shipping activity. The surcharge rate is calculated using a statutorily defined methodology that incorporates two factors: gross tonnage from a “lookback” period and the established target benefit amount. When this calculated surcharge rate is applied to current shipping activity, it generates the pension surcharge revenue that funds the plan.

b. Pension Target Amounts and Benefit Payments

Pension plan revenue may exceed or fall short of the target benefit amount depending on shipping activity. When shipping activity decreases, benefit payments to participants are reduced and may fall below the target amount. When shipping activity increases, participants receive higher benefit payments that may exceed the target. By statute, beneficiaries are entitled to receive all the revenue collected by the plan, even above-target amounts.⁶ Conversely, the statute governing the pension plan does not provide for retroactive adjustments or “top-up” payments to compensate participants for periods when benefits fell below target, such as during the COVID-19 pandemic.

As Table 4 below illustrates, from January 1, 2016 through December 31, 2025, participants received net above-target payments of approximately \$1,259,380 relative to the baseline target amounts. This amount represents 1.04% of the approximately \$122,332,605 paid to participants over the 10-year period. However, the Board should recognize that these results may have been affected by the COVID-19–related downturn and subsequent recovery and may not be fully representative of normal plan performance. Based on simple averages across all participants, the above-target payments equate to roughly \$1,600 per participant per year over the 10-year period.

⁶ HNC §1166(a) directs that “[t]he revenue, whether greater or less than the amount used in determining the tonnage rates under this chapter to provide the aggregate target pensions to which those persons are entitled according to Section 1163, shall be paid to each of them in proportion to the relative target amounts to which they are entitled, [emphasis added] after payment of the expenses of the fiduciary agent or agents.”

Table 4. Target vs. Payments to Plan Beneficiaries, January 2016 through December 2025

Index	Period (Calendar Year)	Statutorily defined Pension Payout Target	Payout to Participants	Variance: Payout to Target	Payout as a Percentage of Target
1	2016	\$8,598,482	\$9,446,002	\$847,520	109.86%
2	2017	\$9,088,534	\$9,260,975	\$172,441	101.90%
3	2018	\$10,058,710	\$10,335,959	\$277,249	102.76%
4	2019	\$10,955,344	\$10,746,112	-\$209,232	98.09%
5	2020	\$11,912,429	\$10,342,118	-\$1,570,311	86.82%
6	2021	\$12,693,362	\$10,241,688	-\$2,451,674	80.69%
7	2022	\$13,729,616	\$14,081,360	\$351,744	102.56%
8	2023	\$14,514,950	\$18,086,651	\$3,571,701	124.61%
9	2024	\$14,661,966	\$15,150,926	\$488,959	103.33%
10	2025	\$14,859,832	\$14,640,814	-\$219,018	98.53%
TOTAL		\$121,073,225	\$122,332,605	\$1,259,380	101.04%

10. Benefit Adjustment Considerations

a. Industry Concerns

Without prejudicing this analysis or the Board’s decision-making, this report acknowledges that the Pacific Maritime Shipping Association (PMSA) has raised concerns regarding the Board’s triennial PPP benefit payment increases since at least 2008. To provide the Board, especially new members, with relevant context for its current decision-making, staff has summarized PMSA’s key objections from its 2023 letter below. PMSA’s full letter is included in the Appendix as Attachment 1. Board Counsel’s response, written in 2020, is included as Attachment 2.

PMSA argues that while the Board has authority to increase pension benefits up to 50% of CPI, it should not automatically adopt the maximum increase without specific evidence or findings to justify the action. PMSA also contends that the Board’s justification for an increase in PPP payments is arbitrary and that the Board has developed an improper default policy of always choosing the statutory maximum (i.e., 50% of the CPI increase). Additionally, PMSA objects that the Board is taking action under an enabling statute without first adopting formal regulations to direct the pension benefit calculation process. Board Counsel specifically addressed this point in his 2020 reply to PMSA.

b. Hypothetical Scenarios Illustrating Impact of Adjustments on Overall Plan Costs

The table below illustrates hypothetical annual benefit increases at different percentage rates applied to the January 1, 2026 benefit amount. The current monthly benefit amount is \$1,225,652 and the current annual benefit amount is \$14,707,826.

The figures are illustrative only and will change as the PPP’s membership changes over time and as shipping activity changes. As part of its deliberations, the Board may wish to consider how different percentage increases would affect overall pension costs. Rows 1 through 9 present a hypothetical range of options available to the Board under HNC §1167(b). Rows 10 and 11 show the cost impacts of adjustments that are aligned with the two methodologies discussed earlier in this report.

Table 5. Impact of Adjustments on Overall Plan Costs

Row	Increase, %	Annual Increase, \$	Adjusted Annual Target, \$	Methodology
1	0.000%	\$0	\$14,707,826	
2	0.500%	\$73,539	\$14,781,365	
3	1.000%	\$147,078	\$14,854,904	
4	1.500%	\$220,617	\$14,928,444	
5	2.000%	\$294,157	\$15,001,983	
6	2.500%	\$367,696	\$15,075,522	
7	3.000%	\$441,235	\$15,149,061	
8	3.500%	\$514,774	\$15,222,600	
9	4.000%	\$588,313	\$15,296,139	
10	4.128%	\$607,139	\$15,314,965	December-to-December Methodology
11	4.425%	\$650,821	\$15,358,647	Annual Methodology

Appendix

Attachment 1: PMSA Letter to the Board, 2023



**BOPC RECEIVED
2-21-2023**

February 21, 2023

Joanne Hayes-White, President
Board of Pilot Commissioners
660 Davis St.
San Francisco, CA 94111

RE: Proposed §1167 Adjustment to Pilot Pensions
(BOPC Agenda Item #13(B), February 23, 2023)

Dear President Hayes-White:

The Pacific Merchant Shipping Association (PMSA) respectfully requests that the Board refrain from taking any action to increase current target pension amounts under Harbors and Navigation Code §1167 for lack of cause and evidence. In addition, PMSA renews its ongoing concern with Board actions taken under this section and other pension benefit calculations with respect to the Pension system in the absence of regulatory guidance.

While a review of benefits is mandatory under §1167, action is discretionary. While the statute creates a limitation on any such action not to exceed 50% of CPI, nothing in this statute compels an action by the Board to increase Pension benefits. Thus, without specific evidence, findings, or basis, the recommended Board action to simply increase benefits to their statutory maximum or any other level, is arbitrary and should be avoided.

The standing response of Board Counsel to the concerns expressed in this letter and in nearly identical prior letters only defends the authority of the Board to act, not the arbitrary manner in which it acts. PMSA does not challenge the grant of authority by the Legislature to the board to act with discretion in this regard, instead our concern is with the Board's continual, generalized basis for the increase proposed and its continued and unfettered default policy of adopting the statutory maximum.

In addition, PMSA objects to BOPC action under §1167(b) without the enactment of pension benefit calculation regulations. Since this sub-paragraph is a wholly-enabling statute, PMSA has consistently alerted the Board that this type of statute cannot be legally enforced without a regulation to direct the fee-setting, yet the Board has consistently taken action in the absence of formal rulemaking to effectuate any pension benefit calculation regulations under §1163 and §1167. We incorporate by reference our hefty record of previous correspondence on these issues, specifically, including our opposition to prior CPI increases without regulatory enacting language as expressed in 2008, 2011, 2014, 2017, and 2020, as well as our Petition to the Office of Administrative Law regarding §1167 interpretation in 2012.

Without a concrete regulatory methodology, and without a solid review of the current benefits and evidence upon which to rely, any Board action now will be necessarily arbitrary and temporal. This is true no matter how earnestly and well-intentioned the Boardmembers and staff act in good faith in these cases.

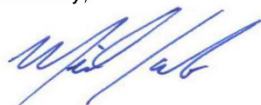
PMSA HEADQUARTERS 475 14th Street, Suite 300, Oakland, California USA 94612

PMSASHIP.COM

Board of Pilot Commissioners
Potential §1167 Adjustments
February 21, 2023
Page 2

PMSA respectfully asks that the Board take appropriate action to adopt proper regulations for the implementation of §§ 1163 and 1167 and to avoid the imposition of any and all rate changes on an arbitrary basis.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Jacob".

Mike Jacob
Vice President and General Counsel

cc: Members, Board of Pilot Commissioners
Capt. Allen Garfinkle, Executive Director

Attachment 2: Board Counsel Reponses to February 2020 Letter from PMSA

TO: Board of Pilot Commissioners

February 27, 2020

FROM: Dennis Eagan, Board Counsel

RE: PMSA Letter on CPI Adjustments Under Section 1167

This responds to the February 26, 2020 letter from Mike Jacob, Vice President and General Counsel of PMSA.

- 1. The Committee recommendation for a CPI-based increase in pension benefits proceeds from the specific language of section 1167; no implementing regulation is required.**

Section 1167, subdivision (b) is quite specific. It permits the Board, every three years, to increase the benefits of individual pension beneficiaries by up to 50 percent of the cumulative increase in the CPI over the preceding three years. This CPI provision is a conservative one. It does not permit adjustments on an annual basis, as is common with CPI-based adjustments generally (e.g., Social Security benefits, CalPERS retirement benefits). Instead, it permits adjustments only every three years. Further, any adjustments have an internal “brake”: adjustments may not exceed 50 percent of the cumulative change in the CPI. Finally, any increase is permissive, not required; if there are countervailing considerations that suggest that the increase permitted by statute is not warranted, the Board may authorize a lesser increase or decline to authorize any increase at all.

In light of section 1167’s specificity, one cannot characterize the code section as having no effect unless and until some “regulatory guidance” is supplied by Board regulation. The section itself provides all the guidance that is necessary.

- 2. Although the Board may consider additional evidence, such evidence is not a precondition to Board action based on change in the CPI.**

Absent evidence suggesting that a reduced or no adjustment in benefits is appropriate, the Board may authorize the increase in pension benefits that is permitted by section 1167. If individual commissioners or others have reservations about the need for, or the amount of, a benefit increase, those reservations can and should be raised at or prior to the meeting at which the Board considers an adjustment in benefits.

- 3. Aggregate increases over time in “total pension obligations” should not be conflated with cost-of-living increases affecting individual pension beneficiaries.**

Year-to-year changes in the total payout for all pension obligations have no relation to changes in the cost of living. Such changes in the aggregate of the Pension Plan’s obligations are the product many variables, including the number of new retirees, their varying years of service at retirement, and the audited annual average net income per pilot that preceded their various retirement dates. All of these variables cause variations, over time, in the aggregate payout in pension benefits. But the consequent impact of these variables on total payout for pension

benefits does not in any way correlate with changes in the CPI and the impact of those changes on individual beneficiaries. Accordingly, changes in aggregate pension payout are irrelevant to the Board's consideration of CPI-based benefit increases under language of section 1167. Section 1167's focus is solely on the impact of CPI changes on the benefits of individual pension beneficiaries.

Attachment 3: Historical Pilot Pension Plan Data

Selected historical Pilot Pension Plan data is shown on the charts below.

	4th Quarter 2013	4th Quarter 2016	4th Quarter 2019	4th Quarter 2022	4th Quarter 2025
Number of Plan Participants	68	69	75	85	85
Total Monthly Target Rate Payments	\$604,509	\$715,715	\$916,094	\$1,155,135	\$1,225,652
Highest Individual Monthly Target Rate Payment *	\$22,273	\$23,156	\$24,276	\$25,516	\$26,678
Lowest Individual Monthly Target Rate Payment *	\$344	\$358	\$1,070	\$1,124	\$1,189
Average Monthly Target Rate Payment	\$8,890	\$10,373	\$12,215	\$13,752	\$14,419

* Amount may be a portion of the target rate payment.

DRAFT

Attachment 4: San Francisco Pension Plan Summary (Revised July 2012; Prepared by Mike Miller)

San Francisco Pilot Pension Plan
(Calif. Harbors & Navigation Code Sections 1160-1168)

- **Established** by the Legislature in 1974 and amended several times since then.
- Starting in 1993, benefits have been based on a percent (46%) of the average of the highest three of the last five years of **audited annual average net income per pilot** multiplied by a fraction equal to the pilot's years of service divided by 25. The target monthly pension would be 1/12 of the resulting figure. With certain exceptions, service does not include periods of time that a pilot's license is suspended.

Audited annual average net income per pilot is computed by the Certified Public Accounting firm that audits the San Francisco Bar Pilot Association's financial reports and, with certain minor adjustments, reflects the gross income of the pilots less their expenses of providing pilotage services, divided by the number of pilots serving during the year in question.

Example: Pilot X retires with 24 years of service. Assume that the last five years before his/her retirement, the audited annual average net income per pilot was \$250K, \$275K, \$300K, \$325K and \$350K respectively. The average of the highest three would be \$325K. $0.46 \times \$325K \times 24/25 = \$143,520$

His/her monthly target pension would be $\$143,520 \div 12 = \$11,960/\text{mo.}$

For a **disabled** pilot, the target pension would be based on the higher of the above calculations and one based on the "audited average annual net income per pilot" for the last year prior to the pilot's disability.

Using the last example, if that pilot was declared disabled in the current year, his target income would be:

$0.46 \times \$350K \times 24/25 = \$154,560 \div 12 = \$12,880/\text{mo.}$

- The pilot's **surviving spouse** would ordinarily receive 75% of the pilot's pension so long as he/she does not remarry.
- **Eligibility** - unless disabled, minimum age is 62 (60 if the pilot has served at least 10 years)

- **CPI adjustments:** Pension benefits are reviewed every 3 years or if CPI increase exceeds 12% since the last adjustment. Any increases are limited to a maximum of 50% of the cumulative increase in the CPI.
- **Funding mechanism:** Pension surcharge applied to pilotage fees charged by all pilots based on a mill rate sufficient to pay all target pensions and the expenses of the plan. After deduction of plan administrative expenses from the total amount collected, each pensioner receives in benefits an amount that is equal to a pro rata share of the remainder, based on the proportion that the individual target pension amount bears to the aggregate target pension amounts. The surcharge is adjusted quarterly for the addition of new pensioners, deletion of deceased pensioners, and adjustments in the volume of shipping in gross registered tons for the past 12-month period.
- Under the terms of the San Francisco Pilots Pension Plan, **actual pension payments vary from target pension payments** depending on whether pension plan surcharges funding pension plan disbursements are greater or less than anticipated. Actual surcharge billings and pension plan payments will be greater than expected if tonnage and the number of ship movements are greater than anticipated; also actual surcharge billings and pension plan payments will be lower than expected if tonnage and ship movements are less than anticipated.
- The amount anticipated is computed by reference to the average of the monthly tonnage figures for the look-back period. The look-back period for any calendar quarter is the 12-month period ending three months before the current quarter for which calculations are made. For example, for target pension collections and disbursements for the first calendar quarter of 2010 (surcharge collections in January through March, 2010, and disbursed in February through April) – the look-back period is October 2008 through September 2009. If tonnage is down during the current calendar quarter relative to the average tonnage during the look-back period, surcharge collections will be down, and distributions will be less than the target pensions. Also, if tonnage is higher relative to the average during the look-back period, surcharge collections will be higher, and distributions will be more than the target pensions.

Attachment 5: Participant Payouts, Benefit Target, and Gross Tonnage (in Tens of Tons), January 1, 2023 through December 31, 2025

