

## SUMMARY OF BENEFIT IMPROVEMENTS EFFECTIVE JANUARY 1, 2018

Your Summary Plan Description (“SPD”) document provides you with detailed information to help you understand your pension benefits. This notification summarizes the updates made to the SPD as a result of changes that were recently approved by the Board of Trustees of the Pension Plan. If you do not have a copy of the SPD, please call the Funds Office at (508) 533-1400 or visit our website at [www.local4funds.org](http://www.local4funds.org).

### **Increase in the Maximum Dollar Amount Payable under the Lump-Sum Option** **(described on page 32 of the SPD)**

The Board of Trustees of the Pension Plan voted to increase the maximum dollar amount of a lump sum payment permitted at retirement from \$20,000 to \$25,000 for any Participant who retires on or after January 1, 2018 and meets the work test for the Lump-Sum Option. The previous maximum dollar amount of \$20,000 had been in effect since 1999. Before 1999, the maximum dollar amount had been \$11,000.

If you have earned at least one quarter ( $\frac{1}{4}$ ) Pension Credit (250 hours) in the five-year period immediately preceding your retirement, you can elect to receive a lump sum payment at retirement equal to 5%, 10%, 15%, or 20% of the actuarial value of your pension, up to the maximum dollar amount (now \$25,000, if you retire on or after January 1, 2018). This lump sum option is available if you choose a “Participant and Spouse Pension,” a “Joint and Survivor Option,” a “Ten Year Certain and Continuous Option,” or a “Straight Life Annuity” form of benefit.

### **What This Means to You**

If you choose to have a lump sum paid to you under the Lump-Sum Option, the amount of the monthly benefit payments you receive under your chosen form of benefit will be reduced to account for the lump sum payment made at the date of your retirement. The larger the lump sum payment you choose to receive at retirement, the greater the reduction in your monthly payments will be.

For example, a Participant who retires in 2018 at the age of 62 with a right to a monthly payment of \$3,750.00 in the form of a Straight Life Annuity could elect a \$25,000 lump sum, and his/her monthly benefit would be reduced to \$3,606.57.

Please contact the Funds Office if you are considering retiring and would like to know how taking a lump sum payment of up to \$25,000 will affect your monthly benefit.

### **Increase in the Amount of the Death Benefit for Active Employees** **(described on page 34 of the SPD)**

The Board of Trustees of the Pension Plan also voted to increase the pre-retirement lump sum death benefit payable to the Beneficiary of an “actively employed” Participant who dies on or after January 1, 2018 and does not qualify for a Surviving Spouse Pension, from \$5,000 to \$10,000 per Pension Credit. This lump sum death benefit had been \$5,000 times the number of Pension Credits earned by the Participant. Before June 2008, the lump sum death benefit had been \$2,000 times the number of Pension Credits the Participant earned, dating back to 1997.



Your designated Beneficiary is entitled to this pre-retirement lump sum death benefit if the following two conditions apply:

- 1) You die while “actively employed” (meaning you have earned at least one quarter (1/4) Pension Credit (250 hours) in the 36-month period immediately preceding your death),
- 2) You are unmarried or otherwise *do not qualify* for a Surviving Spouse Pension.<sup>1</sup>

If these conditions are met, your Beneficiary will generally receive a lump sum payment equal to \$10,000 (provided you die on or after January 1, 2018) times the number of Pension Credits you earned. **NOTE:** If you have a former spouse or other alternate payee who is assigned a benefit under a Qualified Domestic Relations Order (“QDRO”), the rules for calculating and paying this benefit are different; please contact the Funds Office if this is your individual situation.

### **What This Means to You**

If you die *on or after* January 1, 2018 and at your death (1) you are “actively employed” (see above), (2) you are not married, and (3) your pension benefit is not subject to division by a QDRO (e.g., as a result of a prior divorce), your Beneficiary will receive *\$10,000 for each Pension Credit you have earned*. This is twice the level of the current lump sum death benefit.

As an example, if you had earned 25 Pension Credits before your death and at your death you were “actively employed,” not married, and not subject to a QDRO, your named Beneficiary would receive a lump sum death benefit equal to \$250,000 (\$10,000 times 25 Pension Credits). Note that this is the lump sum death benefit amount before taxes.

Similarly, if you died on or after January 1, 2018 while “actively employed” and you were married, but you had earned fewer than 5 Vesting Credits (and as such, were not vested in the Plan), or you had been married for fewer than 12 months, your spouse would receive a lump sum death benefit equal to \$10,000 times the number of Pension Credits you had earned instead of the Plan’s Surviving Spouse Pension. Note that once you qualify for the Surviving Spouse Pension (after you have 5 Vesting Credits and have been married for at least 12 months), this lump sum death benefit will *no longer* be payable to your surviving spouse; instead, the Surviving Spouse Pension will be payable to your surviving spouse.

### **In Closing**

We encourage you to keep a copy of this PensionLine with your SPD for future reference. If you have any questions about these benefits or the recent changes made to the Plan, please call or write the Funds Office at the following address or phone number:

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16 Trotter Drive, PO Box 680  
Medway, MA 02053-0680  
508-533-1400 x307  
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Gina M. Alongi

<sup>1</sup> If you are married but not vested, or if you have been married for fewer than 12 months at your date of death, you do not qualify for a Surviving Spouse Pension. Your surviving spouse would be eligible for this lump sum benefit. However, once you are vested (or once, as a vested participant, your marriage is 12 months or longer), only the Surviving Spouse Pension is payable to your spouse upon your death before you retire.