

## Important Change for 2018

Effective January 1, 2018, employees who work for an employer that is contributing less than \$7.00 per hour to the Pension Plan (the “Target Contribution Rate,” or “TCR”) will receive a proportionately lower accrual rate than the full accrual rate for pension credits earned in and after 2018. The full accrual rate is currently \$150 per credit for service performed in and after 1993.

The current TCR of \$6.50 has been in effect since January 1, 2014 and remains applicable for hours worked in 2017. The TCR was previously \$5.00 in the years 2007 through 2012 and \$6.00 in the year 2013. Prior to 2007, there was no TCR.

While this change will not affect everyone, we are notifying all Plan Participants in accordance with Section 1054(h) of Title 29 of the United States Code. Please read the following information carefully to determine if this change affects you.

## Pension Accrual Rate for 2018

The Pension Plan’s consultants and actuaries have determined that the TCR for 2018 should be increased to \$7.00 per hour in order to ensure that the level of benefits being accrued is supported by the level of contributions made to the Plan. If you *always* work for an employer whose contribution rate is at least \$7.00 as of January 1, 2018, this change **will not** affect you. However, if your employer pays a contribution rate of less than \$7.00 per hour, this change will mean a lower accrual rate for you for each year going forward, beginning in 2018.

## What This Means to You

### *If you work for a single company:*

- If you work for a company that contributes into the Pension Plan at a rate of \$1.00 in 2018, your accrual rate for that year would be \$21.43. *Calculation = \$1.00 divided by the target rate of \$7.00, multiplied by \$150.00.*
- If you work for a company that contributes into the Pension Plan at a rate of \$6.95 in 2018, your accrual rate for that year would be \$148.93. *Calculation = \$6.95 divided by the target rate of \$7.00, multiplied by \$150.00.*

### *If you work for more than one company:*

- If you work for multiple companies that contribute different rates, your accrual rate will be determined using the highest contribution rate(s) first up until 1,000 hours are counted (or 1,800 hours, if you are covered by a Participation Agreement).

For example, if you work in bargained positions for three different companies in 2018 with the following hours and contribution rates:



Company	No. of Hours	Contribution Rate	Contributions
Company 1	600	\$6.25	\$3,750.00
Company 2	300	\$5.00	\$1,500.00
Company 3	300	\$3.00	\$900.00

The total contributions over your first 1,000 hours of work, using the highest contribution rates first, would amount to \$5,550.00 (\$3,750 + \$1,500 + \$300). The total contributions of \$5,550.00, divided by 1,000 hours, would result in an average contribution rate of \$5.55. Your accrual rate for pension credit earned in and after 2018 would be \$118.93. *Calculation = \$5.55 divided by the target rate of \$7.00, multiplied by \$150.00.*

**You will receive the benefit of the full accrual rate in prior years according to the following table:**

Year(s)	Employer Contribution Rate Required for Full Accrual
Through 2006	Full accrual rate regardless of employer's contribution rate
2007 — 2012	Full accrual rate if employer contributed at least \$5.00/hour
2013	Full accrual rate if employer contributed at least \$6.00/hour
2014 — 2017	Full accrual rate if employer contributed at least \$6.50/hour

## In Conclusion

Your Pension Plan remains strong and the change outlined in this PensionLine will help ensure that strength continues. Your Board of Trustees will take the necessary steps to protect your investment in the Pension Plan and to ensure the continued solvency of your Plan now and for the future.

We encourage you to keep a copy of this PensionLine with your Summary Plan Description (“SPD”) for future reference. If you have any questions about these benefits, please call or write the Funds Office at the following telephone number or address:

IUOE Local 4 Pension Plan  
 16 Trotter Drive, PO Box 680  
 Medway, MA 02053  
 508-533-1400 x307

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