

## Summary of Important Changes made to the Pension Plan

Your Summary Plan Description document (SPD) provides you with detailed information to help you understand your pension benefits. This notification summarizes the updates made to this document as a result of the various changes that were recently made to the Pension Plan. A new SPD will be distributed to all Participants in the months to come.

### **Increase in the Benefit Accrual Rate, effective November 1, 2010**

The Board of Trustees voted to increase the benefit accrual rate for participants who earn at least ¼ Pension Credit after December 31, 2009.

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

If you retire on or after November 1, 2010, the benefit accrual rate for Pension Credits earned after January 1, 1993 will increase from \$110 to \$115 per Pension Credit, provided you earn at least ¼ Pension Credit after December 31, 2009 (credit earned prior to January 1, 1993 will stay at the \$85.00 accrual rate).

For example, if you retire in January, 2011 at age 65, with 25 years of Pension Credit (18 years after January 1, 1993 and 7 years before January 1, 1993, your benefit will be \$2,665.00 per month (18 x \$115 + 7 x \$85).

Pension Credits you earned up to your death.

To be eligible for this death benefit you will be considered actively employed if you earned at least a ¼ Pension Credit in the 36 months preceding your death.

For example, under the old rules if you died while actively employed, were never married, (or if your Spouse is not entitled to the Surviving Spouse Benefit and your benefit is not subject to a Qualified Domestic Relations Order), earned ¼ pension credit within the last 36 months preceding your death, and you accumulated 10 Future Service Pension Credits as of your date of death; a Lump Sum payment of \$20,000 would be payable to your beneficiary. This improvement would increase your Lump Sum Death Benefit, in this scenario, from \$20,000 to \$50,000.



**REMINDER - Prior Benefit Modifications to the Pension Fund**

### **Increase to the Lump Sum Death Benefit**

The Board of Trustees increased the Lump Sum Death Benefit for unmarried active Participants

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

As of June 1, 2008, if you should die while you are actively employed but you are not married, or if your Spouse is not entitled to the Surviving Spouse Benefit and your benefit is not subject to a Qualified Domestic Relations Order, your designated beneficiary will receive a Lump Sum Death Benefit equal to \$5,000 times the number of Future Service

### **New Payment Form Offered by the Plan**

The Post-Retirement Death Benefit Option was added to the Plan effective November 1, 2005. This optional form of payment is available to married Participants and provides an additional death benefit to a beneficiary other than the Spouse when the primary form of payment, the Husband and Wife Benefit, is elected. If the Husband and Wife Benefit is not elected and the Spouse has consented to an optional form of payment, this option would also provide a Lump Sum Death Benefit to another beneficiary in addition to any death benefit provided under the optional form of payment elected.

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

This benefit will be valuable to pensioners who want to reduce their income from their pension to provide a Lump Sum payment to a beneficiary.



If you decide to elect the Post-Retirement Death Benefit Option, you must have the consent of your Spouse. First, you will need to choose your primary form of payment. Secondly, you will need to determine either the dollar amount or percentage of your reduction. (The amount of your reduction is limited, and can not be greater than 60% of the monthly benefit payable under the form of payment that you have elected). Lastly, you will need to designate the beneficiary or beneficiaries. Based on the amount of reduction, you will receive a reduced monthly benefit for your entire lifetime. This reduced pension will also affect the amount of the death benefit payable under the form of payment that you elect.

Upon your death, and the death of your Spouse, if applicable, a Lump Sum Death Benefit will become payable to the beneficiary or beneficiaries that you elected to receive the Post-Retirement Death Benefit. The amount of the Lump Sum Death Benefit will be determined as of your annuity starting date and will be equal to the actuarial present value of the monthly reduction to your benefit that you elect at the time of your retirement. If you elect this option *you will not be eligible* for the Pop-up Benefit in the event that your Spouse dies.

When you apply for your benefit, the Fund Office will determine the amount of the Lump Sum Post-Retirement Death Benefit payable and you will be notified of this amount. In the event that your designated beneficiary dies before the death benefit becomes payable, the death benefit will be paid to the estate of the last surviving beneficiary.

You may request an estimate of this optional form of payment prior to your election.

## **Modification to the Optional Forms of Payment**

A new form of payment has been added to the Plan and it is available to certain participants. Married participants will receive benefits in the form of a Husband and Wife Pension at retirement, unless they reject that form of payment and choose another form of payment. Participants who have earned at least  $\frac{1}{4}$  Pension Credit in 1999 or later will receive an 80% Husband and Wife Pension. Participants who have not earned any Pension Credit since 1998 will receive a 66-2/3% Husband and Wife Pension.

If you are a married participant and you retire after December 31, 2007, and you have not worked since 1999, you will have a new optional form of payment available to you, a 75% Qualified Optional Survivor Annuity. This form of payment provides a reduced lifetime pension to you, plus a lifetime pension for your Spouse, in the amount of 75% of the monthly amount that you are receiving at the time of your death.

## **What This Means to You**

When you retire, you will be provided with information about all the forms of payment available for you to make your election. If you are married, you will be entitled to either the 80% Husband and Wife Pension or the 66-2/3% Husband and Wife Pension. In addition, there are several optional forms of payment:

- Ten Year Certain and Continuous
- Joint and Survivor (you may elect your Spouse or another individual as the joint annuitant to receive survivor benefits equal to 50%, 66-2/3% or 100%)
- 75% Qualified Optional Survivor Annuity (for participants who have not earned any Pension Credit after 1998)
- Partial Lump Sum Option

If you are married and you elect a form of payment other than the Husband and Wife Pension or the 75% Qualified Optional Survivor Annuity, your Spouse will have to consent in writing. All of this information will be provided to you when you apply for retirement benefits.

## **Modification to the Retirement Application Process**

New information will be provided to you when you apply for retirement benefits to help you make an informed decision about when to retire and what form of payment you may wish to elect. In addition to an explanation about the forms of payment available under the Plan, Husband and Wife, Life Annuity, Joint and Survivor, 10-Year Certain, etc., you will be provided with information that compares the value of each form of payment available to you (the Relative Value Notice, and information about the effect on your benefit if you choose to defer your retirement until a later age).

## **Modification to the Rules on Rolling Over Lump Sum Distributions from the Plan**

Benefits that are made from the Plan in a Lump Sum Distribution (excluding back payments made at one time in a lump sum) may be eligible to be rolled over to an eligible retirement plan, rather than paid out immediately. The advantage of rolling over such a distribution is that you do not have to pay income tax now, but at a later date when you draw the money out.

Recently, the Plan has been amended to add new types of eligible plans (new plans are in bold). To be considered an eligible retirement plan, a plan must be:

- A traditional IRA or **Roth IRA**; or

- An eligible employer plan, which includes a plan qualified under Section 401(a) of the Internal Revenue Code (including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, money purchase plan, **Section 403(a) annuity plan**, **Section 403(b) tax-sheltered annuity**, and eligible **Section 457(b)** plan maintained by a governmental employer).

Your Lump Sum Distribution will still be subject to immediate taxation if you roll it over to a Roth IRA. In addition, the ability to roll over to a Roth IRA may be subject to certain income restrictions.

Also, beginning January 1, 2010, if a non-Spouse beneficiary receives a death benefit from the Plan in a Lump Sum Distribution, the beneficiary will be allowed to roll over the distribution to an Inherited Traditional or Inherited Roth IRA. An Inherited IRA or Roth IRA is a special IRA your non-Spouse beneficiary establishes specifically to accept direct transfers of these death benefits. Subject to special IRS minimum distribution rules, your non-Spouse beneficiary may be able to defer taxes on a portion of a direct trustee-to-trustee transfer to later tax periods.

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

When you retire, you will receive information about your retirement options and the rollover rules for Lump Sum Distributions. You will have more flexibility for rolling over Lump Sum Distributions. Since this involves taxation issues and the immediate payment of taxes or deferral to a later date, you will be instructed to consult with a tax advisor before making any decisions.

In the past, non-Spouse beneficiaries receiving Lump Sum Death Benefits were not eligible to rollover the distribution as a means of deferring taxes on the distribution. Now, they will be allowed to rollover the distribution to certain arrangements. At the time a death benefit will be distributed, the beneficiary will also receive information about the distribution options and rollover rules.

### **Modification to Benefits Currently in Pay Status**

The Board actively monitors the financial status of the Pension Plan and carefully considers any potential changes to the Plan. Under the new federal law, the Pension Protection Act, the Plan's funded status must be certified annually and certain actions taken when the funded status does not meet certain levels. This Plan continues to be classified in the "green zone" where no mandatory actions are required. Given the Plan's current funded position, the Board of Trustees approved

a one-time award of \$1,000 to each Pensioner, surviving Spouse, eligible alternate payee and beneficiary receiving payments on December 1, 2010.

### **Modification to the Claims and Appeals Procedures**

Changes were made to the Claims and Appeals Procedures regarding how you should be notified of the Trustees decision regarding your appeal. In addition, there are new time frames for claims and appeal requirements relating to Disability Pensions. A summary of the changes is below:

**Denial of Disability Benefit** – you will receive notice of a denial within 45 days of your application (with up to two 30-day extensions from the Fund).

**Request for Review** – you may request a review of the denial within 180 days of the date you receive the denial notice for a Disability Pension (60 days for all other claims).

**Review of Appeal** – A decision by the Trustees will be made at their next scheduled meeting which is at least 30 days after receipt of your request for review, unless special circumstances require an extension of time for processing, in which case notice of such extension shall be furnished to the claimant prior to the commencement of the extension. A decision shall be rendered as soon as possible, but not later than the third meeting following the Trustees' receipt of the request for review.

**Notification of Decision for a Disability Benefit Appeal** You will be advised of the Trustees' decision in writing, as soon as possible, but no later than 5 days after the decision has been made.

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

If you are denied benefits from the Plan, you will receive a complete copy of the Plan's Claims and Appeals rules and the applicable timeframes for appealing the decision of the Board of Trustees.

### **Modification to the Suspension of Benefits Rules**

There are certain limits on the work that you may perform after your retirement and still receive a pension under the Plan. Recent changes were made to the Plan which allow you to return to work as an Instructor of the Training Fund for a limited number of hours.

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

If you return to work as an Instructor of the Training Fund after you retire, you could work up to 480 hours in that calendar year before your monthly payment is suspended. This means that you are allowed to work up to 480 hours and still draw your monthly benefit. Once you have worked 480 hours in one calendar year, your monthly pension benefits will be suspended for each month during the remainder of the calendar year that you work 40 or more hours.

In addition, you are allowed to work as a volunteer at the Apprenticeship Center and continue to draw your monthly pension benefit. You cannot volunteer to work in Covered Employment, however, or your monthly pension benefit will be suspended based on the Plan's suspension of benefits rules.

### **Modification to the Disability Pension Requirements**

There are certain limits on the work that you may perform after your retirement and still receive a pension under the Plan. A recent change was made to the Plan that applies to participants who are drawing a Disability Pension, which allows you to return to work on a trial-work basis. At the end of the trial-work period, if you remain disabled and are unable to work, you can resume receiving monthly Disability Pension benefits.

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

As of July 1, 2009, if you are receiving a Disability Pension, you will be allowed to return to work in Covered Employment, for a trial-work period (to help you determine whether you can return to work on a regular basis), provided you meet certain conditions:

- You must notify the Fund Administrator with an advance written request and receive written approval from the Fund Administrator (notification to the Union will not be accepted as a request for approval to work in Covered Employment).
- Your monthly pension benefit will be suspended during the trial-work period.

- The trial-work period begins with the month you first return to Covered Employment, and ends in 12 months.
- You cannot work in excess of 679 hours during the 12-month trial-work period.

At the end of the trial-work period, if you are unable to return to work on a regular basis, you must cease working altogether. Your monthly Disability Pension will be reinstated as of the first day of the month following the month you stop working in Covered Employment, at the same monthly benefit you were receiving prior to returning to work. However, if you earned additional Pension Credit during the trial-work period, the additional benefit amount will be added to the benefit you were previously receiving. But you will not have to re-apply for the Disability Pension or satisfy a new waiting period.

If you return to Covered Employment and work 680 hours or more during the 12-month trial-work period, you will no longer be considered totally and permanently disabled. Your Disability Pension will be officially terminated as of the month you first returned to work in Covered Employment. You will continue to accrue Pension Credits and Years of Eligibility Service including the hours worked during the trial-work period and you will be able to retire at a later date on a Normal, Early, Unreduced, Late or Vested Deferred Pension.

As a Participant, you are allowed to make use of this trial-work period rule one time in your lifetime.

### **In Summary**

We encourage you to keep a copy of this notification 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 Fund Office at the following address or phone number:

I.U.O.E. Local 4 Pension Plan  
16 Trotter Drive, P.O. Box 680  
Medway, MA 02053-0680  
508-533-1400 x121  
office@local4funds.org

#### **Board of Trustees**

Louis G. Rasetta, Chairman  
Kevin P. Bennett  
David F. Fantini  
Jack Harney  
Peter Martin  
John J. Shaughnessy, Jr.

#### **I.U.O.E. Local 4**

Louis G. Rasetta, Business Manager

#### **Administrator**

Gina M. Alongi