Pension Plan

Plan Eligibility and Cost

Participation

To participate, you must work for an employer that is required to make contributions to the Pension Fund on your behalf as a result of the collective bargaining or other agreement between your employer and the International Union of Operating Engineers of Eastern Pennsylvania and Delaware (Local 542). You automatically become a participant in the Pension plan on your first day of covered employment.

You Must Name a Beneficiary

Although participation in the plan is automatic, you must name a beneficiary. To designate your beneficiary, ask the Fund office for a Beneficiary Designation form. You can use this form to designate your beneficiary/beneficiaries.

If you are married and vested, your spouse is automatically the beneficiary of any pre-retirement pension benefits.

> If you do not name a beneficiary, or if no beneficiary survives you, your beneficiary will be your spouse or, if you are not married, your beneficiary will be your survivor(s), in the following order: your children; your parents; your siblings; your estate.

Cost of the Plan

This benefit is fully paid for by contributing employers in accordance with collective bargaining or other agreements with the IUOE Local 542 or reciprocal agreements approved by the Fund's Board of Trustees.

No employee contributions are required or permitted.

Contributing Employers

A contributing employer is an employer who has signed a collective bargaining agreement with IUOE Local 542 and is required to make contributions to the Pension Fund.

A contributing employer may also be an employer who has signed any other agreement requiring contributions to the Fund, providing the Trustees have accepted the employer as a contributing employer.

Reciprocal Agreement (Reciprocity)

You may be eligible for pension benefits under a "reciprocal agreement" for time that you work in another area that has adopted the International Union of Operating Engineers Eastern District Reciprocal Agreement. This is known as reciprocity. The agreement was established so that a member could continue to be eligible for and receive benefits under his own local pension fund, regardless of where in the country he may be working. The Fund also has agreements with other funds across the country.

In order to receive credit for hours worked in the jurisdiction of a reciprocating pension fund, you must notify the Fund office in writing with the:

- Name of your employer
- Local union in whose jurisdiction you are working

- Date you began such work

The Fund office will ask the reciprocating local to refund contributions paid on your behalf for any time period during which you were a member of Local 542. When the contributions are received by the Fund, your account will be credited accordingly.

How Reciprocity Affects Your Benefit

Reciprocity affects your benefit under the Pension plan in the following ways:

- **If you are a member of a local other than IUOE Local 542, but you work within Local 542's geographic jurisdiction and your employer makes contributions to Local 542**—the Fund will send the contributions made on your behalf to your local. You will not receive credit for that period under the IUOE Local 542 Pension Fund.
- **If you are a member of a local other than IUOE Local 542, then later become a member of Local 542**—the reciprocal agreement allows you to combine pension credits earned during all years to meet the eligibility and vesting provisions of each plan. You will receive two pensions; your pension payable from each plan will be the benefit amount you earned while in covered employment with each local.
- **If you are a member of IUOE Local 542, but you work outside Local 542's geographic jurisdiction and the other local sends employer contributions that are higher or lower than IUOE Local 542's employer contributions**—your earnings used in the plan formula will be pro-rated for the period for which the contribution is made:

How Your Contributions Will Be Prorated for Time Worked Outside Local 542
$\dfrac{\text{Actual contributions transferred by other local}}{\text{Local 542 contribution rate}} = \text{Credited Gross Wages}$

For example, assume you earn $40,000 in Covered Employment and the contributions transferred by the reciprocating local total $3,800. The gross wages with which you would be credited in the Local 542 Pension Fund would be:

$$\frac{\$\ 3{,}800}{10.5\%} = \$\ 36{,}190$$

Assume you earn $40,000 in Covered Employment and the contributions transferred by the reciprocating local total $4,500. The gross wages with which you would be credited in the Local 542 Pension Fund would be:

$$\frac{\$\ 4{,}500}{10.5\%} = \$\ 42{,}857$$

Plan Reporting

You receive a quarterly statement showing all the wages reported for you by Contributing Employers. You also receive a Pension Status Statement annually that indicates whether you are vested and your estimated pension benefit at Normal Retirement age.

Your Pension Credits

Pension credits are used three ways:

- **To calculate your benefit**—Pension credits are used to calculate the portion of your benefit from the plan based on covered employment before 1974. (After 1973, your total earnings in covered employment are used to calculate your benefit.)
- **To determine your vesting service**—Pension credits are used to determine when you become vested in (fully own) your pension benefit.
- **To determine your eligibility for early retirement**—Pension credits are used to determine when you are eligible to receive an early retirement benefit under the plan.
- You can never be credited with more than one (1) pension credit per year, regardless of your earnings.

Pension Credits after 1973

You receive one pension credit for each calendar year you are credited with 1,000 hours in covered employment or earn $6,000 in covered employment. Covered employment means the employment of an employee for whom contributions are due by an employer who is required to make contributions to the Fund. You may also earn partial pension credits. For years you are not credited with at least 1,000 hours or do not earn at least $6,000, you receive 1/12 of a pension credit for each $500 you earn in covered employment, rounded down to the next lower multiple of $500.

An hour of service is each hour for which you are paid or entitled to payment for one of the following:

- The performance of duties in covered employment
- Periods of time during which no duties are performed due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, or leave of absence. No more than 501 hours of service will be credited for any single continuous period during which you perform no duties
- Each hour for which back pay is either awarded or agreed to by your contributing employer

Pension Credits from January 1, 1960 to December 31, 1973

For covered employment before January 1, 1974, but after December 31, 1959, you earn one pension credit for each calendar year you were credited with 1,200 or more hours in covered employment. If you were credited with less than that in a given year, you earn 1/12 of a pension credit for each 100 hours, rounded down to the next lower multiple of 100.

Pension Credits before January 1, 1960

Although the Pension plan was established on January 1, 1960, you may receive credit for years prior to 1960, as follows:

If on January 1, 1960, you were a…	Then for periods prior to 1960, you receive one pension credit for each year of…
Continuous member in good standing of IUOE	Membership in good standing in the Union

Local 542, 542-A, and/or 542-B	(beginning with your last initiation date)
Full-time salaried employee of Local 542 or of the Board of Trustees of the Local 542 Welfare Fund	Service as a full-time salaried employee of Local 542 or Local 542 Welfare Fund

For periods less than a full year, you receive 1/4 of a pension credit for each calendar quarter you were a member of the union in good standing. If you were a salaried employee, you receive 1/4 of a pension credit for each 10-week period of service, to a maximum of one credit per calendar year.

If you were not a continuous member in good standing or an eligible full-time salaried employee of Local 542 or the Board of Trustees on January 1, 1960, you are credited with one pension credit for each full year of service as an operating engineer prior to January 1, 1960. A "full year of service" means you worked at least 1,200 hours within a calendar year for a contributing employer within the geographical jurisdiction of Local 542, and in accordance with the applicable collective bargaining agreement. If you worked less than 1,200 hours you receive 1/4 of a pension credit for each calendar quarter prior to January 1, 1960 during which you worked at least 300 hours for the contributing employer. You cannot be credited with more than one pension credit per year.

Pension Credits While You Are Disabled

If you leave covered employment due to disability, you may still earn pension credits. In any calendar year in which you fail to earn $6,000 in covered employment because of disability, then

- If such disability is covered by Worker's Compensation as a result of injury occurring under covered employment your earnings will be credited at the rate of $6,000 per year pro-rated by the period of disability, minus any earnings in covered employment up to $6,000 per year, not to exceed 2 years of credited earnings.
- If such disability is covered by the Local 542 Welfare Fund your earnings will be credited at the rate of $6,000 per year pro-rated for the period of disability, minus any earnings in covered employment up to $6,000 per year, not to exceed 2 years of credited earnings.

For example, you have earnings in Covered Employment for the year of $3,200. You become disabled and are receiving weekly disability benefits from the Welfare Fund. The maximum credited earnings you could receive for that calendar year is $2,800 ($6,000 maximum credited earnings minus $3,200 of earnings in covered employment).

Vesting Service

Vesting refers to your right to the benefit you have earned under the Pension plan. Once you are vested, you have rights to a benefit under the plan at a future date, even though you may leave covered employment. Your vesting right cannot be taken away.

How Vesting Service Is Credited

You are credited with one year of vesting service for each calendar year you earn one pension credit.

If You Work in Non-covered Employment

If you work for a contributing employer in a job not covered by this plan, and such employment is continuous with a period of prior covered employment with that employer, your earnings in such non-covered employment after December 31, 1975 will count towards earning a year of vesting service.

If You Have a Permanent Break in Service

You will not be credited with vesting service earned before a permanent break in service (see **Break in Service** on Page R-14)

When You Become Vested

You become 100% vested in (fully entitled to and fully own) your pension after you earn five years of vesting service.

Vesting before January 1, 1990

If you have not been credited with an hour of service on or after January 1, 1990 (January 1, 1989 for participants not covered by a collective bargaining agreement), you must have at least 10 years of vesting service (or 10 pension credits) in order to be vested.

Break in Service

What Is a Break in Service?

A one-year break in service will occur in a calendar year after 1975 if either of the following occurs:

- You are credited with less than 500 hours of service in covered employment.
- You earn less than $3,000 in covered employment.

Breaks in service before 1975 are governed in accordance with the provisions of the plan in effect at that time. If you had a break in service and have a question about how your service has been credited, call the Fund office.

If You Are Vested

If you are vested at the time you leave covered employment and you are later rehired, your earlier service and pension credits will be restored

If You Are Not Vested

If you are not vested at the time you leave covered employment, you may lose your pension credits and years of vesting service if you have a break in service—a break in service causes a cancellation of your participation, pension credits, and years of vesting service.

If you are later credited with at least 500 hours or earn $3,000 in covered employment in a calendar year before you have a permanent break in service, all your earlier pension credits and years of vesting service will be restored.

Permanent Break in Service after December 31, 1989

You will have a permanent break in service if you have five consecutive one-year breaks in service. If you return to work after a five-year break, you will be treated as a new participant and you will not receive credit for your earlier service and pension credits.

A permanent break in service means that if you return to covered employment, you will be treated as a new participant and you will not receive credit for your earlier service and pension credits.

Permanent Break in Service from January 1, 1985 through December 31, 1989

Under the provisions of the Pension plan in effect between January 1, 1985 and December 31, 1989, you incurred a permanent break in service according to the following schedule:

If, before you left covered employment, you had…	**Then you incurred a permanent break in service if you had…**
1 to 5 years of vesting service	5 or more consecutive one-year breaks in service
6 years of vesting service	6 or more consecutive one-year breaks in service
7 years of vesting service	7 or more consecutive one-year breaks in service
8 years of vesting service	8 or more consecutive one-year breaks in service
9 years of vesting service	9 or more consecutive one-year breaks in service

Permanent Break in Service from January 1, 1976 through December 31, 1984

Under the provisions of the Pension plan in effect between January 1, 1976 and December 31, 1984, you incurred a permanent break in service if the number of your consecutive one-year breaks in service were equal to or more than the number of years of vesting service you earned before you left covered employment.

Permanent Break in Service before January 1, 1976

Under the provisions of the Pension plan in effect before January 1, 1976, you incurred a permanent break in service if you did not earn at least two quarters or 6/12 of a pension credit in three consecutive calendar years.

Exceptions If You Were Disabled

If your absence from covered employment was due to disability, your time on disability did not count toward a break in service for up to eight consecutive calendar quarters.

Exceptions If You Worked Outside the Area

If you did not earn pension credits under the plan because you were working outside of the IUOE Local 542 geographical area, you did not incur a break in service for up to eight consecutive calendar quarters, provided your work as an operating engineer outside the area was performed under the terms of contracts of the IUOE or any of its affiliated locals.

If you continue to work outside of the area for longer than a year, your pension credits earned under this Pension plan will be canceled. If you return to covered employment within three years and earn two pension credits during the two full years following your return, your pension credits will be restored.

Periods Exempt from a Break in Service

The following periods will not be counted toward a break in service:

- You work in another area for a local that has a reciprocal agreement with the Fund and earn one pension credit under the other plan.
- You work for a contributing employer after December 31, 1975 in a job not covered by this plan, and such employment is continuous with prior covered employment with that employer.
- You leave covered employment to enter qualified military service (as determined by the Fund), provided you apply for reemployment within the time prescribed by law when your military service is finished.
- You are absent from covered employment on or after January 1, 1985 because you are pregnant, have given birth to a child, have a child placed with you for adoption, or are caring for a child recently born or placed with you for adoption. You will be credited with up to 501 hours of service to avoid having a break in service in the calendar year during which you left or in the following calendar year. These hours are solely for the purpose of preventing a break in service, and such hours will not count towards your pension credits.

You must notify the Fund office within two years of your pregnancy, birth of a child, placement of a child with you for adoption, or caring for a newborn or child recently placed with you for adoption in order to be credited with such hours of service. You may be required to provide proof of the event.

When You Can Retire

The Pension plan provides flexible options that allow you to start receiving your benefits at age 65 or beyond—or to begin receiving them earlier if that fits your personal plans.

Normal Retirement

Your Normal Retirement Date is the first day of the month on or after your 65th birthday or your fifth anniversary of participation in the plan, whichever is later.

Early Retirement

You can retire as early as age 55 if you have earned at least 10 pension credits. Your benefit is calculated in the same way as a normal retirement pension. Unless you meet the "special" early retirement requirements (described below), **your benefit will be reduced if you start your pension before your Normal Retirement Date because payments are expected to be made over a longer period of time** (see **Early Retirement Benefits** on Page R-20).

"Special" Early Retirement (Unreduced Early Retirement—"Combination of 80")

If you retire at or after age 55 and your age plus pension credits equal at least 80, your pension will not be reduced for early payment. You will receive your full unreduced pension beginning on your "Special" Early Retirement Date.

Late Retirement

If you remain in covered employment beyond your Normal Retirement Date, your benefit will be calculated using your pension credits and earnings at the time you actually retire.

On or after January 1, 2001—If you continue working after you reach age 70 1/2, you may be entitled to receive a pension benefit while you continue to work, provided you apply. If you do not receive your benefit while you work, your benefit may be actuarially increased to the extent required by law to reflect the fact that payments will be made over a shorter period of time.

Before January 1, 2001—If you continued working after you reached age 70 1/2, in accordance with IRS regulations, your benefit payments began April 1 of the calendar year following the year you turned age 70 1/2, even if you were still working in covered employment.

Disability Retirement

If you become totally and permanently disabled, you will be eligible for a disability pension if you:

- Are awarded Social Security Disability benefits based upon a finding that your disability prevents you from engaging in gainful employment of any type (your date of disability is determined by Social Security); and
- Work in covered employment for at least 500 hours in the 24-month period before your date of disability; and
- Have at least 10 pension credits

Your disability pension will be payable beginning on the later of:

- Six months after the month in which you became totally and permanently disabled, as defined by Social Security; or
- The first day of the month in which you begin receiving Social Security disability payments; or
- The first day of the month for which your pension application is approved by the Board of Trustees

For more details on disability pensions, see **Disability Retirement Benefits** on Page R-23.

Deferred Vested Pension

If you leave covered employment before you are eligible to retire but after you are vested, you are entitled to a deferred pension. Your benefit will be calculated using the plan formula in effect when you last worked in covered employment.

If you were credited with at least 10 pension credits, you may elect to begin receiving payments anytime after age 55. Your benefit may be reduced if you do not meet the “special” early retirement requirements.

If you were an active member at January 1, 1990, you can retire at or after age 65 with as few as 5 pension credits.

Your Pension Benefit

The amount of your pension benefit depends upon a number of factors, including:

- The benefit formula in effect when you retire
- The benefit formula in effect when you separate from covered employment
- Your age
- Your pension credits
- Your total earnings in covered employment
- Whether you retire at early, "special" early, normal, disability, or late retirement
- Whether you continue to work after you qualify for "special" early retirement
- The form of benefit payment you choose

The benefit formula uses your pension credits and total earnings to determine your benefit.

Basic Pension Formula

For members who have performed an hour of service on or after January 1, 2000, the current benefit formula used to calculate the amount of your monthly normal retirement benefit is shown below. The formula has two parts: (1) covered employment before 1974 and (2) covered employment after 1973.

If your last hour of service was performed before January 1, 2000, see the **History of Pension Plan Improvements** at the beginning of this SPD to determine the formula used for your monthly benefit.

The Benefit Formula	
Part 1	$25.50 x pension credits earned before January 1, 1974 (maximum of $637.50)
Plus	
Part 2	.19% of total annual earnings in covered employment since January 1, 1974
The result is the monthly benefit that you can receive for your lifetime beginning on your Normal Retirement Date.	

Please note: the formula calculates the life annuity (lifetime monthly pension to you) form of payment. The actual monthly income you receive will be affected by the form of payment you select before retirement (see **How Your Benefit Is Paid** on Page R-25 for details). All payment forms have the same overall value (are actuarially equivalent).

Pre-Retirement Incentive

If you continue to work once you reach age 55, any wages you earn after January 1, 2005, and only wages you earn for the period you could retire on a "special" early retirement, will be calculated at .25% instead of .19%. This additional benefit is applied only to wages you earn before age 65 or until you retire, whichever is earlier.

Earnings in Covered Employment

"Earnings in covered employment" means earnings for which benefits are payable under the terms of the Collective Bargaining Agreement or other Agreement with the Board of Trustees For plan purposes, your earnings for any calendar year are limited by the maximum amount of annual earnings allowed by law ($220,000 for 2006). This maximum may change each year as determined under the Internal Revenue Code.

Extra Benefit Payments

In addition to the monthly benefit calculated under the plan formula, you may also receive two additional payments during the year.

1 "13th check" Paid in December	If you (or your beneficiary) are entitled to a regularly scheduled pension check in December, you will receive an additional check equal to 10% of your regular pension paid during the calendar year (the extra check in June and any other additional checks[1] are not counted).
2 "14th check" Paid in June	If you retire on or before June 1, 2009, you will receive an additional check each June equal to your monthly pension amount, provided you are eligible to receive a regularly scheduled pension check in June. These additional checks are guaranteed for your lifetime. Your beneficiary may also be eligible for these extra payments.

[1]The Board of Trustees may, from time to time, grant additional one-time payments.

The Extra December Payment in the Year of Your Death

If your spouse begins to receive a survivor pension in the calendar year in which you die, your spouse will receive two extra payments in December. One payment will be equal to 10% of the regular amount you received during the year and the second payment will equal 10% of the regular survivor payments your spouse received. The following year, your spouse would receive only one extra payment in December.

Calculating Your Benefit at Retirement

Please note: for ease of illustration, all sample calculations have been rounded to the nearest $1.

Normal Retirement Benefits

This example shows how a normal retirement benefit would be calculated based on the following assumptions:

- Retirement at age 65 on January 1, 2005
- Covered employment date of January 1, 1970
- 35 pension credits, including 4 pension credits earned before January 1, 1974
- $38,000 in earnings for each year in covered employment, for a total of $1,178,000 in earnings since January 1, 1974 (31 years x $38,000)

Sample Normal Retirement Benefit Calculation					
Part 1 (before January 1, 1974)	$25.50	x	4 pension credits	=	$102
Part 2 (since 1974)	.19%	x	$1,178,000	=	$2,238
Total monthly pension benefit beginning at age 65					$2,340

You would be entitled to receive $2,340 a month for the rest of your life, beginning at age 65.

An Example of Extra Benefit Payments for Normal Retirement

Using the above example, assume that you are entitled to the extra June payment and that your regular monthly normal retirement pension is $2,340.

Value of Extra Benefit Payments for Normal Retirement		
	Normal Retirement Pension = $2,340 Annual Benefit	$ 28,080
Paid in December	You receive additional 13th check ($28,080 X 10%)	$ 2,808
Paid in June	You receive additional 14th check	$ 2,340
	Total Annual Payment	$ 33,228
	Monthly Equivalent, Including Extra Benefit Payments (33,228 / 12)	$ 2,769
	If paid monthly, your additional payments would give you an extra	**$ 429**

Early Retirement Benefits

You are eligible for an early retirement pension if you leave covered employment at or after age 55 and have 10 or more pension credits. Your early retirement benefit is calculated the same way as a normal retirement benefit, using pension credits before 1974 and total earnings in covered employment after 1973.

Your monthly benefit will be reduced by one-fourth of one percent (.0025) for each month your benefit payments start before your Normal Retirement Date.

An Example

Assume that you are age 56 and you are entitled to a monthly pension of $2,340 payable at age 65. If you begin to receive pension payments immediately (at age 56), your early retirement benefit would be reduced as follows:

Sample Early Retirement Reduction				
Number of Months Before Age 65		**Monthly Reduction**		**Total Reduction**
108 months	x	.0025	=	.27
Monthly Pension Payable at Age 65		**Total Reduction**		**Reduction Amount**
$ 2,340	x	.27	=	$631
Early Retirement Benefit Payable at Age 56		= $2,340-631	=	$1,709

Your $ 2,340 monthly benefit would be reduced by 27%, so you would receive **$ 1,709** each month for your lifetime beginning at age 56. (You would receive the full $2,340 monthly benefit if you start receiving your pension payments at your Normal Retirement Date.)

Your extra June and December payments (see **Extra Benefit Payments** on Page R-19) would also be reduced to reflect earlier payment.

"Special" Early Retirement Benefits

If you retire at or after age 55 and your age plus pension credits equals at least 80, your pension will not be reduced for early payment. You receive your full unreduced retirement pension benefit.

Your special early retirement benefit is calculated the same way as a normal retirement benefit, using pension credits before 1974 and total earnings in covered employment after 1973.

An Example

Assume that you are age 56 and you are entitled to a monthly pension of $ 2,340 payable at age 65. If you have 25 pension credits, your age plus pension credits equals 81. This means if you begin to receive pension payments immediately (at age 56), you would receive the full $ 2,340 monthly pension.

Pre-Retirement Incentive Benefits

If you continue to work once you reach age 55, any wages you earn after January 1, 2005, and only wages you earn for the period you could retire on a "special" early retirement, will be calculated at .25% instead of .19%. This additional benefit is applied only to wages you earn before age 65 or until you retire, whichever is earlier.

An Example

Assume that on January 1, 2005 you are 56 years old, you have 24 credits, and your wages reported since 1974 are $ 900,000. You plan to work until you are 62. Your earnings from the time you are 56 until you are 62 are $50,000 per year for these 6 years. Here's how your pension benefit would look with and without the Pre-Retirement Incentive:

Pension Calculation without Pre-Retirement Incentive		
Part 1	$25.50 x pension credits earned before January 1, 1974	= $ 0.00
	Plus	
Part 2	.19% x $ $ 1,200,000	= $ 2,280
	Total	**= $ 2,280**

Pension Calculation with Pre-Retirement Incentive		
Part 1	$25.50 x pension credits earned before January 1, 1974	= $ 0.00
	Plus	
Part 2	.19% x $ 900,000	= $ 1,710
	Plus	
Part 3	.25% x $ 300,000	= $ 750
	Total	**= $ 2,460**

Because you continued to work after you qualified for a Special Early Retirement, the Pre-Retirement Incentive adds an additional $180.00 per month to your pension benefit for the rest of your life. Your last 6 years of wages provide an additional $570 per month for life **without** the pre-retirement incentive. These wages provide an additional $750 per month for life **with** the pre-retirement incentive.

Late Retirement Benefits

If you continue to work past your Normal Retirement Date, your pension benefit is calculated the same way as a normal retirement benefit. Your benefit is determined using your pension credits and total earnings in covered employment at the time you actually retire.

Disability Retirement Benefits

Eligibility for Disability Benefits

You may be eligible to retire and receive a disability pension if you meet all of the requirements below.

- You are totally and permanently disabled. Total and permanent disability means that you have been awarded federal Social Security Disability benefits based upon a finding that your disability prevents you from engaging in gainful employment of any type; and
- You worked in covered employment for at least 500 hours in the 24-month period prior to your date of disability (your date of disability is determined by Social Security); and
- You have been credited with at least 10 pension credits.

When Disability Benefits Begin

Your monthly disability benefits will begin the later of:

- The first day of the month after you have been totally and permanently disabled, as determined by the Social Security Administration, for at least six months; OR
- The first day of the month in which you begin receiving Social Security disability payments; OR
- The first day of the month for which your application for disability benefits has been approved by the Board of Trustees

> You should apply to the Fund office for disability benefits at the same time that you apply to the Social Security Administration for disability benefits. It is in your and your family's interests to apply as soon as you become aware of a possible disability status.

Benefit Amount

Your pension will be calculated using the pension formula in effect when you left covered employment as a result of your total and permanent disability. **Your benefit will not be reduced for early payment before age 65**.

Proof of Disability

If you are applying for a disability pension, you must supply proof that you have applied for or are eligible for Social Security Disability benefits.

From time to time, the Fund office will require proof of your continued eligibility for Social Security Disability in order to determine your continued right to receive a disability pension.

How Long Disability Benefits Continue

Once your disability benefits begin, they will continue until the earliest of the date of one of the following:

- You no longer qualify for monthly Social Security disability benefits
- You begin working again
- You die

The Fund office must be notified promptly if any of these changes occurs.

Impact of Workers' Compensation Benefits on Disability Benefits

Entitlement to workers' compensation benefits has no relation to your eligibility for disability benefits from the Fund. Eligibility for Social Security Disability benefits is the important factor.

If you are totally disabled, you meet all Fund criteria, you make proper and timely application for benefits, and are eligible for and receiving Social Security Disability benefits, your disability pension benefits will be paid.

How Your Benefit Is Paid

When it's time for your pension to be paid, the Fund offers two normal forms of payment—one if you are single and one if you are married. You will automatically receive one of the normal forms of payment unless you elect an optional payment method.

> If you are married, you must obtain written, notarized spousal consent to choose a payment option other than the normal form. The choices you make are irrevocable once you begin receiving your benefit—you may not make any changes after your pension starts.

Normal Form of Payment

If You Are Single

If you are single when benefit payments begin, you will receive your pension benefit in the form of a life annuity with 75 regular monthly payments guaranteed. When we use the term "annuity" in the Pension Plan we mean a series of fixed payments. The term "annuity" here means you will receive a monthly pension payment for your lifetime.

If you die before receiving at least 75 regular monthly payments, your beneficiary will receive a lump sum benefit equal to the difference between 75 times your monthly benefit amount and the total amount (not counting the June, December, or other extra payments) you have already received at the time of your death.

If you die after receiving your pension for 75 or more months, payments will stop. No lump sum would be payable.

If You Are Married

If you are married when benefit payments begin, you will automatically, by law, receive a 50% joint and survivor annuity (again, "annuity" meaning monthly pension payments) unless your spouse waives his or her right to this benefit. This payment form guarantees 75 payments and has a "pop-up" feature.

The 50% joint and survivor annuity provides you with a lifetime monthly benefit and provides lifetime income to your spouse if you die first. Your monthly benefit during your lifetime is reduced to provide benefits over the lifetime of two people. The amount of the reduction depends on the age difference between you and your spouse, and whether you are receiving a disability or non-disability pension. (Your spouse will receive 50% of your reduced benefit upon your death.)

> The monthly benefit paid during your lifetime is reduced to provide benefits over the lifetime of two people.

Example:

Assume that your spouse is three years younger than you and your normal retirement pension is $2,340 as a life annuity. Your 50% joint and survivor monthly pension would be calculated as follows:

Sample 50% J&S Annuity Calculation	
Preliminary joint and survivor factor	91%
Age adjustment (for spouse 3 years younger)	

.4% x 3	1.2%
Total joint and survivor reduction factor 91% – 1.2%	89.8%
Your unreduced life annuity at normal retirement	$2,340
You would receive 89.8% x $2,340 =	$2,101
After your death, your spouse would receive 50% x $2,101 =	$1,050

Guaranteed 75 Payments for a Joint and Survivor Annuity

If you die before receiving at least 75 regular monthly payments, your spouse will receive a lump sum benefit in addition to the monthly survivor annuity. The benefit would equal 75 times the monthly amount you would have received as a life annuity (your benefit amount without reduction for the 50% joint and survivor) prorated for the number of months you had already received benefits.

If you have received your pension for 75 or more months at the time of your death, no lump sum benefit would be payable.

Example

Using the above 50% joint and survivor calculation, assume that you have received 25 payments of $2,101 at the time of your death. The lump sum benefit amount would be calculated as follows:

Sample 75-Payment Lump Sum Calculation	
Number of guaranteed payments remaining 75 – 25 =	50
Value of your life annuity (without reduction for 50% joint and survivor)	$2,340
Lump sum benefit amount 50 x $2,340 =	$117,000

In this example, your spouse would receive a lump sum of $117,000 upon your death, in addition to $1,050 a month for his or her lifetime (50% of the monthly pension amount that was paid before your death).

Pop-up Feature

If your spouse dies after you have started to receive benefits, your monthly benefit will increase (“pop-up”) to the amount you would have been paid had you been single and elected a life annuity when you retired.

Example

In the above example, if you were receiving $2,101 per month under the 50% joint and survivor annuity and your spouse dies, your benefit would increase to $2,340 per month for the rest of your lifetime.

> If your spouse dies, you must notify the Fund office. Your benefit amount will not increase (pop-up) until you have submitted proof of your spouse’s death. The benefit increase will take effect on the later of the first day of the month following the month in which you notify the Fund office

that your spouse is deceased or first day of the month following the month in which your spouse dies.

If the Value of Your Pension is Less than $5,000 (Lump-sum Payments)

If the actuarial present value of your benefit (based on your age 65 benefit) is $5,000 or less, you will receive a single payment equal to the lump-sum value of your benefit instead of receiving monthly payments.

This payment is automatic and does not require your or your spouse's consent. You will not be entitled to any other benefit from the plan.

Generally if the amount you receive is more than $200, a mandatory 20% federal income tax will be withheld from the lump sum payment unless you roll over the distribution to an Individual Retirement Account (excluding Roth IRAs, which are used for deposits that have previously been subject to income tax) or another qualified retirement plan. You will receive more information about rolling over your benefit and the mandatory withholding rules before you receive your payment.

Optional Forms of Payment

Whether you are single or married, you may waive your normal form of payment and elect one of the following options in its place. If you are married, your spouse must consent to your choice.

If you are married and want to elect an optional form of payment, your spouse must sign a consent form agreeing to the form of payment. If you are married and want to elect a beneficiary other than your spouse, your spouse must sign a consent form agreeing to the other beneficiary. The consent form must be signed in the presence of a notary public and include the notary's seal and signature.

Life Annuity

This option is the same as the normal form of payment for single members. Equal monthly payments are paid for the rest of your life, with 75 payments guaranteed.

50% or 100% Joint and Survivor Annuity Option

If you elect this option, you will receive a reduced lifetime monthly benefit. Your benefit is reduced to provide a lifetime income to your beneficiary in the event of your death. The reduction in your pension depends on the difference in age between you and your beneficiary.

You can arrange to have 50% or 100% of your reduced lifetime monthly benefit continue to your beneficiary. The amount you receive each month during your lifetime is reduced more if you elect a 100% joint and survivor annuity (rather than 50%).

Both the 50% and 100% joint and survivor annuity options guarantee the first 75 regular monthly payments and have a "pop-up" feature. The individual you name at your date of retirement is the only individual who can ever receive a monthly pension upon your death. For example, if the individual you name as your joint and survivor beneficiary, under either the 50% or 100% option, dies you cannot add a different joint and survivor beneficiary. Your regular monthly pension amount would "pop up" to your unreduced benefit amount with no monthly pension payable to anyone upon your death. The 50% and 100% joint and survivor benefit adjustment factors are calculated using the tables on Page R-37.

Level Income

This option is available only if you are retiring on early or "special" early retirement. You receive a higher monthly benefit during the years before you are eligible for a Social Security pension. After your Social Security payments start, your benefit is reduced. The idea is to give you roughly the same amount of retirement income both before and after your Social Security benefits begin.

> If you choose a level income option, you must stipulate the age when you will start collecting Social Security. If you later decide to start Social Security at a different date, your benefit will remain as originally calculated.

This payment form guarantees the first 75 payments. So if you die before receiving 75 payments, your beneficiary will receive a lump sum payment equal to your early retirement or "special" early retirement benefit amount (prior to adjustment for level income option) times the number of months remaining of the 75 monthly payments.

Example

Assume that your special early retirement benefit is $2,340 per month at age 56, your estimated Social Security benefit is $1,300 per month, and you will begin receiving Social Security on your Social Security retirement age (SSRA), which is age 66. Your level income option would be calculated as follows:

Sample Level Income Option Benefit Calculation	
Preliminary level income option adjustment factor	$3.50
Social Security adjustment (your estimated monthly Social Security benefit divided by 10) $1,300 ÷ 10 =	130
Your level income option benefit adjustment (increase to pension before your SSRA) $3.50 x 130 =	$455
Your special early retirement benefit	$2,340
The benefit you receive before your SSRA $2,340 + 455 =	$2,795
The benefit you receive after your SSRA $2,795 – 1,300 =	$1,495

Level Income/50% Joint and Survivor

This option combines features of the level income option and the joint and survivor annuity. It is available only if you are married and are retiring on early retirement or "special" early retirement. You will receive a higher monthly pension until you become eligible for Social Security. If you die before your spouse, he or she would receive 50% of your early retirement or "special" early retirement monthly benefit, reduced for joint and survivor, for his or her lifetime.

This payment form guarantees the first 75 payments. So if you die before receiving 75 payments, your spouse will receive a lump sum payment equal to 75 monthly payments (without reduction for joint and survivor and prior to adjustment for level income option) times the remainder of the 75 payments.

Example

Using the above example, assume that your spouse is three years younger than you.

Sample Level Income/50% J&S Annuity Calculation	
Preliminary joint and survivor factor	88%
Age adjustment (for spouse 3 years younger) .4% x 3	1.2%
Total joint and survivor reduction factor 88% – 1.2%	86.8%
Your unreduced life annuity at special early retirement	$2,340
Your 50% J & S annuity before the level income option adjustment 86.8% x $2,340 =	$2,031
Your level income option benefit adjustment (increase to pension before your SSRA) $3.50 x 130 =	$455
The benefit you receive before your SSRA $2,031 + 455 =	$2,486
The benefit you receive after your SSRA $2,486 – 1,300 =	$1,186
If you die, your spouse would receive 50% x $2,031 =	$1,015

Choosing a Form of Payment

The forms of payment are designed to be of equal actuarial value, but because it is difficult to predict the future, no one can say which form is best for you. When you make your choice, you will want to consider your family's living costs and any other sources of income other than your pension.

You may change your payment option any time before payments are scheduled to begin. **Weigh your decision carefully because once you cash your first pension check, no changes to your payment option are permitted**. Once your pension application is received, there will be a 30-day processing period beginning with the first day of your retirement month. You will receive your first check at the end of the processing month.

Once you are in payment status your pension is processed for the 1st of each benefit month. You must be alive on the 1st of each month to be entitled to that month's benefit payment.

How the Payment Forms Compare

Here's a snapshot of how the various payment options compare. Assume that you retire at age 56 on "special" early retirement with a normal pension of $2,340 per month, and that your spouse is three years younger. Your Social Security benefits will start when you turn 66, and you expect to receive $1,300 per month.

Payment Form	Monthly Pension While You and Your Beneficiary Are Both Alive	Monthly Pension Continued for Your Beneficiary's Life if You Die First	Monthly Pension Continued for Your Life if Your Beneficiary Dies First
Life Annuity	$2,340	No benefit payable	$2,340
50% Joint & Survivor Annuity	$2,101	$1,050	$2,340
Level Income	$2,795 (to age 66) $1,495 (on or after age 66)	No benefit payable	$2,795 (to age 66) $1,495 (on or after age 66)
Level Income/50% Joint & Survivor*	$2,486 (to age 66) $1,186 (on or after age 66)	$1015 at any age	$2,795 (to age 66) $1,495 (on or after age 66)

**Under this option, only the spouse can be named as the surviving annuitant.*

Note: Payments from the plan are subject to taxation (federal, state, local) and withholding may be mandatory.

Returning to Work after You Begin to Receive Pension Benefits

If you retire and start to receive your pension payments, then later decide to return to work in covered employment, you become a plan participant again. Your pension payments may be suspended while you work.

If your monthly pension payments are suspended while you return to covered employment, your pension benefit may be adjusted when your pension resumes to reflect the amounts you previously received as well as your pension credits and earnings during the period of re-employment. Your monthly pension benefit will be recalculated only if you earn a minimum of one additional credit while in covered employment.

Important: You cannot change any elections you made on your original pension application. Your pension type, survivorship election, and eligibility for Welfare benefits do not change if you suspend your pension benefits, return to covered employment, and re-retire.

The Fund office will notify each member whose benefit is suspended, including members who have not retired and are still working after their Normal Retirement Dates. This notice, required by law, will provide more details about suspended benefits.

> In general, you are expected to retire from the industry to receive a pension. Work in other industries will not affect your pension benefit with Local 542. If you work in the industry while collecting a pension, you must be dispatched through the District Office.

Situations that result in suspension of benefits:

1. Before You Reach Normal Retirement Age

If you have not reached normal retirement age (the later of age 65 or the fifth anniversary of your participation in the plan) when you return to work, your pension payments will be suspended for the following reasons:

- You return to covered employment within a geographic jurisdiction covered by Local 542 and work more than 199 hours in a 12-month period
- You work with any employer in the same or related business as any Contributing Employer
- You are self-employed in the same or related business as any Contributing Employer

> Employment with a non-union contractor performing work within the industry is prohibited while you are receiving pension payments from the Fund.

Your monthly benefit may be suspended for up to six consecutive months at the discretion of the Board of Trustees when you return to pension status.

2. After You Reach Normal Retirement Age

If you have reached normal retirement age when you return to work, your pension payment will be suspended for any month you worked or were paid for 40 or more hours of employment or self-employment in the following areas:

- An industry covered by the plan when your pension payments began

- The geographic area covered by the plan when your pension payments began
- Any occupation in which you worked under the plan at any time, or any occupation or craft covered by the plan at the time your pension payments began

Paid non-work time, such as for vacation, holiday, illness, layoff, jury duty, or other leave of absence, will count towards the 40 or more hours.

Employment with a non-union contractor performing work within the industry is prohibited while you are receiving pension payments from the Fund.

Notify the Fund Office When You Return to Work

You must notify the Fund office within 30 days of returning to covered employment or employment in the industry. If you do not, and the Trustees determine that you have been re-employed (e.g. through monthly reports prepared by your employer or through direct contact with your employer), your benefits will be suspended unless you can prove otherwise.

Notify the Fund Office When You Terminate Employment

When you leave covered employment or quit working, you must notify the Fund office, in writing, to re-start your monthly pension.

Survivor Benefits

There are a number of benefits that may be payable or adjusted upon your death, or your spouse's or beneficiary's death.

If You Die before Your Pension Starts

Pre-retirement Lump Sum Death Benefit

If you are vested and single at the time of your death your beneficiary will receive a lump sum equal to 75 times the monthly benefit you would have received had you retired on the day you died. If you are younger than age 55, your benefit will be calculated as if you were age 55. That means no early payment reduction will apply if you have at least 25 pension credits.

If you are not vested and did not experience a 5-year permanent break in service as of your date of death, your spouse or beneficiary will receive $1,000 for each pension credit you earned before your death. If you had a permanent break in service, only pension credits earned after the permanent break in service will be counted.

Surviving Spouse Benefit

If you are vested and married at the time of your death, your spouse will be entitled to a benefit.

If you are not age 55 and/or you are not eligible for "special" early retirement, your spouse will receive **one** of the following:

- A monthly benefit for life equal to 50% of the reduced joint and survivor amount you would have received had you retired on the day before your death **OR**
- The greater of 75 times your monthly benefit calculated as if you had retired on the day you died or the lump sum value of the above monthly benefit

If you are age 55 or older and eligible for "special" early retirement, your spouse will receive **both**:

- A monthly benefit for life equal to 50% of the reduced joint and survivor amount you would have received had you retired on the day before your death **AND**
- 75 times your monthly benefit calculated as if you had retired the day you died

Pre-retirement $5,000 Death Benefit

If you die before you retire, your beneficiary will receive a $5,000 death benefit payable in a lump sum if:

- You are vested and were credited with at least 500 hours in the 24 months prior to your death
- You are not vested, but you were credited with at least 1,000 hours in the 24 months prior to your death

If you are married, you are not required to name your spouse as your beneficiary for the pre-retirement $5,000 benefit (although you may name your spouse).

If You or Your Beneficiary Dies after You Have Retired

Post-retirement “Pop-up” Feature

If you elect a joint and survivor annuity and your beneficiary dies before you, your monthly benefit will increase to the amount you would have been paid had you been single and elected a life annuity when you retired.

Example

Assume that your spouse is three years younger than you. If your normal monthly pension were $2,340, it would reduce to $2,101 for a 50% joint and survivor annuity. If your spouse dies before you, your monthly benefit would “pop-up” to $2,340 for the remainder of your life and no monthly benefit would be payable to anyone upon your death.

Post-retirement Lump Sum Death Benefit

Regardless of what benefit payment option you choose, 75 payments are guaranteed. If you die before you receive 75 monthly payments, your spouse or beneficiary will receive the value of the remaining payments in a lump sum.

- **If you were receiving a joint and survivor annuity**, the lump sum would be based on your benefit prior to the joint and survivor reduction.
- **If you were receiving a level income option**, the lump sum would be based on your early or “special” early retirement benefit prior to the adjustment for the level income and prior to any joint and survivor reduction.

Example

Using the above example, this time assume that you die first. If you died after 25 payments were made, your spouse would receive a lump sum of $117,000 ($2,340 x 50)—the value of the remaining 50 payments, based on your unreduced monthly pension.

Post-retirement $5,000 Death Benefit

If you retire on disability, or if your age plus pension credits are at least 80 when you retire, a $5,000 death benefit is paid to your beneficiary.

If you are married, you are not required to name your spouse as your beneficiary for the post-retirement $5,000 benefit (although you may name your spouse).

Accidental Death and Dismemberment Benefits (Active Members Only)

Accidental Death and Dismemberment Benefits are payable to you or your beneficiary if you are not retired and:

- You are vested and were credited with at least 500 hours in the 24 months prior to the accident **OR**
- You are not vested and were credited with at least 1,000 hours in the 24 months prior to the accident

Accidental Death Benefits

If your death is deemed accidental and occurs within 120 days of the accident, your beneficiary will receive a $5,000 death benefit. This benefit is payable in addition to the $5,000 Death Benefit described under **Survivor Benefits**.

"Accidental" means caused by external, violent, and accidental means and occurs within 120 days after the date of such accident. In the case of accidental death, it is as determined by the death certificate submitted and subject to the Plan's exclusions

Accidental Dismemberment Benefits

If you are seriously injured in a covered accident, benefits are payable to you according to the following chart:

Accidental Dismemberment Benefits	
For loss of…	**You Receive…**
Both hands, both feet, the sight of both eyes, or any combination	$10,000
One hand, one foot, or the sight of one eye	$5,000

Loss of a hand or foot means loss by severance at or above the wrist or ankle joint. Loss of sight means total and permanent loss of sight.

Accidents Not Covered

The following are not considered accidental:

- Disease or illness of any kind, including mental illness
- Medical or surgical treatment, including diagnostic procedures
- Suicide or intentional self-inflicted injury
- Asphyxiation by gas inhalation, bacterial infection, or taking of poison
- War or service in the Armed Forces
- While committing an assault or felony

- The operation of, or riding in, aircraft, except as a passenger on a regularly scheduled airline flight
- Occupational death or injury
- Acts of terrorism

Applying for Your Pension Benefits

Your retirement payments will not start automatically. You must take the following steps to apply for pension benefits:

1. You must call the Fund office to set up an interview and/or to obtain an application when you have decided on your retirement date.

2. After your interview, submit your application to the Fund office. Monthly benefits cannot begin before the first day of the month following the month in which your application for benefits is filed. You may file an application even if all required supporting information is not immediately available.

   If you are applying for a disability pension, you must provide proof that you have applied for Social Security Disability benefits.

   If you are married and choosing a payment option other than the normal form, you must provide written, notarized spousal consent that acknowledges the effect of the rejection of the normal form.

3. You have the right to elect, change, or revoke any benefit elections or optional forms of payment at any time during the 90-day period before your benefit starting date (as long as your application is submitted before then).

4. You must furnish the Fund office with proof of your age, along with other supporting documents (such as original birth certificate, marriage license, divorce decree, etc.).

5. Not more than 90 days, but at least 30 days before your benefit starting date, the Trustees will provide you with a written explanation of the effect of electing any available optional forms of payment.

6. You are expected to stop working under the jurisdiction of the Union and terminate your active service with your employer.

7. You may change your payment option or your beneficiary any time before payments begin. **You may not change your benefit election once your first pension check is cashed**.

See **Important Information** and **Plan Operation and Rights** for more details about filing for benefits and benefit review procedures.

Benefit Payments to Your Spouse or Beneficiary

If you die and retirement benefits are payable to a survivor, your spouse or other beneficiary must notify the Fund office of your death. Your survivor will be given all forms, information, and instructions needed to apply for survivor benefits.

If Your Claim Is Denied

The pension plan has a specific claims review procedure for appealing denied applications. Generally, you must appeal a denial of benefits within 60 days.

See the **Plan Operation and Rights** section of this SPD for details on how to appeal a denied claim.

Appendix – Pension Plan

The following tables show your joint and survivor and level income adjustments.

- To determine your joint and survivor benefit, you must multiply your pension by the joint and survivor adjustment.
- To determine your level income benefit, you must divide your estimated monthly social security benefit (primary insurance amount) by $10, multiply that amount by the level income adjustment factor, and add the final figure to your early or "special" early retirement benefit. For the 50% joint and survivor benefit, you must multiply your special early or early retirement benefit by the level income/50% joint and survivor adjustment before you add the level income adjustment amount.

50% Joint and Survivor Benefit Adjustment Factors

If your spouse or beneficiary is…	And you are receiving a…	Then your adjustment is…
Younger than you	Non-disability pension	91% minus .4% for each full year your spouse or beneficiary is younger
Older than you	Non-disability pension	91% plus .4% for each full year your spouse or beneficiary is older (to a max. of 99%)
Younger than you	Disability pension	83.5% minus .4% for each full year your spouse or beneficiary is younger
Older than you	Disability pension	83.5% plus .4% for each full year your spouse or beneficiary is older (to a max. of 99%)

100% Joint and Survivor Benefit Adjustment Factors

If your spouse or beneficiary is…	And you are receiving a…	Then your adjustment is…
Younger than you	Non-disability pension	82% minus .7% for each full year your spouse or beneficiary is younger
Older than you	Non-disability pension	82% plus .7% for each full year your spouse or beneficiary is older (to a max. of 99%)
Younger than you	Disability pension	68% minus .6% for each full year your spouse or beneficiary is younger
Older than you	Disability pension	68% plus .6% for each full year your spouse or beneficiary is older (to a

		max. of 99%)

Level Income Option Benefit Adjustment Factors

Age you retire	Increase in pension for each $10 per month of your estimated Social Security benefit (primary insurance amount)			
	Age You Stipulate When You Will Start Collecting Social Security			
	Age 62	Age 65	Age 66	Age 67
55	$ 4.99	$ 3.57	$ 3.18	$ 2.82
56	5.48	3.92	3.50	3.10
57	6.03	4.32	3.85	3.41
58	6.64	4.76	4.24	3.76
59	7.33	5.25	4.68	4.15
60	8.11	5.81	5.18	4.60
61	9.00	6.44	5.74	5.10
62		7.16	6.38	5.66
63		7.98	7.11	6.31
64		8.92	7.95	7.05
65			8.90	7.90
66				8.87

Level Income/50% Joint and Survivor Benefit Adjustment Factors

If your spouse is…	Then your adjustment is…
Younger than you	88% minus .4% for each full year your spouse is younger
Older than you	88% plus .4% for each full year your spouse is older (to a max. of 99%)