

Annuity Plan

Annuity Plan Highlights

When you are ready to retire, your account balance can add to your retirement income. Here are some key features of the annuity plan.

Eligibility	You will be eligible if your employer is making contributions on your behalf to the Annuity Fund as the result of a collective bargaining agreement.
Automatic Participation	You automatically participate on your first day of covered employment.
No Cost to You	Your annuity benefit is fully paid for by contributions made by your employer on your behalf. You do not need to (nor are you permitted to) make contributions to the Fund.
Your Investments	You decide how to invest the contributions that are made to your account. You can invest your account in one or more investment options—as many as 13 different professionally managed funds offered by Prudential Retirement.
Managing Your Account	You may change your investment elections and transfer amounts among available investment options by calling Prudential at 1-877-PRU-2100 (1-877-778-2100) or by visiting the Online Retirement Center at www.prudential.com/online/retirement .
Keeping Track of Your Account	You receive a quarterly statement listing your employer contributions and your investment earnings. You can also check your account balance and track the performance of your investments by calling Prudential or visiting their web site.
When You Fully Own Your Benefit	You are 100% vested in (fully own) your account balance on your first day of covered employment.
Withdrawals	You may withdraw all or part of your account balance while you are in covered employment (federal regulations and penalties apply for early withdrawal).
When You May Retire	Retirement benefits may begin when your pension plan payments begin.
When You May Receive Your Account Balance	You may receive your full account balance following an 18 consecutive month separation from covered employment.
If You Die Before You Retire or Leave Covered Employment	Your spouse or other named beneficiary will receive your full account balance if you die before you receive your balance.
If You Become Disabled	You may receive your full account balance if you become totally and permanently disabled and are awarded a Social Security disability pension.
Questions	Call 1-877-PRU-2100 with questions. The interactive voice response (IVR) system is available 24 hours a day, seven days a week. You can also log onto the Online Retirement Center at www.prudential.com/online/retirement .

Plan Eligibility and Cost

Participation

To participate, you must work for an employer that is required to make contributions on your behalf to the Annuity Fund 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 Annuity 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 Funds Beneficiary Designation form.

If you are married your spouse is automatically your beneficiary.

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 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 Annuity 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 annuity 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 Annuity 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 contributions for hours worked in the jurisdiction of a reciprocating Annuity 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. 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 Annuity 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 Annuity Fund.
- **If you are a member of a local other than IUOE Local 542, then later become a member of Local 542**—You have the option of “rolling” your contributions from that other qualified plan into your Annuity account with Local 542. If you do not combine the two accounts you will receive distributions from both plans, according to each Plan's requirements.

How the Plan Works

Individual Accounts

When employer contributions are first received for you as the result of covered employment, an individual account is established for you at Prudential Retirement. 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.

When You “Own” Your Account

You are fully vested in (fully own) your account and the contributions made on your behalf on your first day of covered employment.

The Value of Your Account

The amount of your account balance depends on a number of factors, including:

- The contributions made to your account during your covered employment
- The investment funds among which you choose to allocate your contributions
- The pro-rated cost of administrative expenses incurred by the plan and periodically charged to the individual accounts
- Any adjustments that are determined by the Trustees to be warranted to reflect fees, costs, or expenses paid, reimbursed, or recouped
- All fees and expenses charged against your individual account

If expenses and other amounts required to be deducted from your individual account are more than the amount in your account, the excess expenses and charges will be divided equally among the other existing individual accounts.

If the market value of the Fund’s total investments is lower than the total amount in all individual accounts as of any valuation date, the value of each individual account will be reduced in proportion to the reduced market value of the Fund’s investment holdings.

Contributions to Your Account

Employer Contributions

Your contributing employer makes a contribution to the plan for each hour for which you are paid, or are entitled to be paid, in accordance with the current IUOE Local 542 collective bargaining agreement. The amount of the contribution is stated in the collective bargaining agreement and may change from time to time. If your employer fails to make contributions on your behalf as required under the collective bargaining agreement, within the time period required, your account will not be credited with the contributions owed unless and until they are actually paid by your employer.

You do not need to (nor are you permitted to) make contributions to the plan.

Flex Plan Credits

Before July 1, 2003, if you were a participant in the IUOE Local 542 Engineering Your Benefits—Flex Plan, which was a feature of the IUOE Local 542 Welfare Plan, you could elect to contribute remaining

credits (credits left after you made your required elections) into your account. For each credit that you allocated to the Annuity fund, \$5 per month was contributed to your account on a pre-tax basis.

As of July 1, 2003, the IUOE Local 542 Engineering Your Benefits—Flex Plan was discontinued. Flex credits you allocated to the Annuity fund before this date will remain in your account until you withdraw them. The value of the flex credits will be more or less than the original contribution, depending on your investment elections.

Rollover Contributions

If you receive a distribution from a previous employer's qualified retirement plan, you may transfer it to the Annuity fund and continue to defer taxes on the distribution. This is called a "rollover." The transferred amount will be credited to your annuity account, and will be designated as your "rollover" monies.

A rollover must be made within 60 days of the date you receive payment.

There are time limits on rollover contributions, and amounts distributed from your prior plan must meet other IRS requirements to be eligible for rollover treatment. Even if all of the plan and IRS requirements are met, the Trustees make the final decision about whether to accept a rollover.

Investing Your Account

You decide how to invest the contributions that are made to your account. The plan offers you a choice of 13 different professionally managed investment funds provided by Prudential Retirement.

You may invest in one fund or a combination of funds in whole percentages. For example, if you choose three different investment funds, you could invest 33% in the first fund, 57% in the second fund, and 10% in the third.

When you are ready to make your investment elections, complete your Prudential Form. If you do not initially direct the investment of your account, all contributions will be invested in the Local 542 Core Balanced Fund.

By carefully choosing your investment options, you can create a personal investment program designed to meet your individual financial objectives. Be sure to review a prospectus of the mutual funds in which you are interested before investing.

For more information, call Prudential at 1-877-PRU-2100 or visit the Online Retirement Center at www.prudential.com/online/retirement

Prudential Investment Fund Summary

Following are brief descriptions of each investment option. More detailed information about these options, including full descriptions and fund prospectuses, are available by calling Prudential at 1-877-PRU-2100. You may also use online account services, called the Online Retirement Center, at www.prudential.com/online/retirement.

To find out more about a fund, you should read its prospectus—a document that provides very detailed information about the fund’s objectives, management, fees, performance, and specifics about how the fund operates.

Fund Name	Fund Type	Objective	Strategy
International Blend/The Boston Company Fund*	Blended Fund	Long-term capital appreciation	Invests primarily in the common stock of well-established companies located outside the U.S.
Waddell & Reed Advisors Science and Technology Fund	Growth Fund	Capital growth	The Fund normally invests at least 80% of assets in science and technology related securities issued by companies that may benefit from the application of scientific or technological developments
Small Cap Growth/TimesSquare Fund	Growth Fund	Long-term capital appreciation	Invests primarily in the common and preferred stock of growing U.S. companies involved in new product development and technological breakthroughs
Small Cap Value/Perkins Wolf McDonnell	Value Fund	Capital appreciation	Invests in common stocks of small companies that are undervalued by the market because they are either out of favor with the market or have not been discovered by the broader investment community
Mid Cap Growth/TimesSquare Fund	Growth Fund	Long-term capital appreciation	Invests in U.S. and international equities and seeks to outperform index in a risk controlled manner
Mid Cap Value/CRM Fund	Value Fund	Long-term capital appreciation	Invests primary in domestic equities. Stock selection process focused on fundamental research. Investment approach based on four attributes: strategic change, neglect/low expectations, valuation and due diligence
Large Cap Growth/T. Rowe Price Growth Stock Fund	Growth Fund	Long-term capital appreciation	Invests primarily in common stock of well established domestic growth companies

* Foreign investments are subject to certain risks, such as currency fluctuations and political developments that are not present with domestic investments.

Fund Name	Fund Type	Objective	Strategy
Large Cap Value/LSV Asset Management Fund	Value Fund	Long-term capital appreciation	Invests mainly in highly liquid equity securities with an emphasis on New York Stock Exchange domestic issues
Large Cap Blend/Victory Fund	Blended Fund	Long-term capital growth and current income	Invests primarily in equity securities and securities convertible into common stocks traded on U.S. exchanges and issued by large, established companies. Fund invests in both value and growth securities
Dryden S&P 500[®] Index Fund	Growth Fund	Long-term growth of capital and income	Invests in virtually all of the blue chip companies that comprise the S&P 500 Index. The Fund is structured to match the returns of the S&P 500 Index
Lifetime Funds	Balanced Fund	Growth, income, and preservation of capital	Invests in stocks, bonds, and short-term investments. This family of funds has time horizons based on the participant's age as an indicator of time remaining to retirement. Investment mixes vary with the time horizon
Local 542 Core Balanced Fund	Balanced Fund	Growth, income, and preservation of capital	Invests 75% of the portfolio in the Guaranteed Income Fund and 25% in the Large Cap Blend/Victory Fund
Guaranteed Income Fund	Fixed Income Fund	The highest level of income consistent with maintaining a stable share price of \$1	Invests in diversified portfolio of fixed income instruments (primarily private placement bonds, intermediate term bonds and commercial mortgages) within Prudential Retirement Insurance and Annuity Company's general account

Investment Gains and Losses

Your account is credited with investment gains or losses on the funds you have selected, in addition to any fees and expenses. There is no guarantee of investment return or principal. At any time, your account balance will reflect any increase or decrease in the total value of the funds you have selected. The Trustees are not responsible for any losses that are the result of investment choices you make, nor are they responsible for any losses that result from funds they choose if you fail to make your own investment choices.

Quarterly Statements

The Fund will be valued on a quarterly basis: March 31, June 30, September 30, and December 31. You will receive a statement detailing your account balance as of the end of each calendar quarter.

How Your Account Can Grow

The Annuity Fund provides retirement income that grows while you are working. Your employer contributions and investment earnings grow tax-free until you receive them.

How Much Your Account May Be Worth at Retirement

The future value of your account depends on the contribution amounts agreed upon in the collective bargaining agreement, the number of years you work in covered employment with IUOE Local 542, and investment earnings on your account.

Calculating Your Account Balance
Employer contributions made in accordance with the collective bargaining agreement
plus
Flex credits you had allocated to your account before July 1, 2003
plus
Your account's investment earnings

Example

Assume you are credited with 1,500 hours every year, your employer contributes \$3 per hour (or \$4,500 per year), you did not allocate any flex credits to your account, and your account earns an investment yield of 6% compounded annually, then your account balance could grow as follows:

Years of Service	Account Balance at Retirement*
25	\$ 276,247
30	\$ 398,183
35	\$ 561,361
40	\$ 779,730
45	\$ 1,071,957

** These figures are purely for illustration. Your account balance may be smaller or larger based on the actual investment yield and contribution rates in effect throughout your employment.*

Keeping Track of Your Account

Each of the funds available through the plan is valued at the close of each business day. (A business day is any day the New York Stock Exchange is open.)

You will receive a personal statement of your account following the end of each calendar quarter. The statement will show your beginning account balance and any activity for that period, including your employer contributions, investment earnings, and ending balance. The statement will also report any withdrawals.

You can check your daily account balance 24 hours a day, seven days a week by calling Prudential at 1-877-PRU-2100 or by visiting the Online Retirement Center at www.prudential.com/online/retirement

Changes You Can Make by telephone or through the Internet

You can use your phone or computer at any time to:

- Check your account balance—Your balance is determined as of the close of business on the previous business day
- Change the way your money is invested—You may change your investment elections and transfer amounts among available options on a daily basis
- Get information about available investment funds—You can receive information on the investment funds, including closing price and yields, fund prospectuses, and annual reports
- Track the performance of your investments—You can find current performance information on your investment elections
- Request information about withdrawals or distributions of your account—Follow-up paperwork will then be mailed to your home

By using Prudential's toll-free number or website, you don't have to complete any forms to conduct the transactions listed above, except for withdrawals or distributions. Most requests can be handled on a daily basis, except withdrawals and distributions, which will take more time to process.

What You'll Need to Use the Prudential Toll-free Number or Online Retirement Center:

- Social Security number
- Personal identification number (PIN), which will be assigned to you when your account is first established. (You may change your PIN anytime)

To navigate the Prudential toll-free number, you'll need a touch-tone phone. If you don't have a touch-tone phone, you can use a rotary phone and stay on the line to talk with a representative Monday through Friday, 8 a.m. to 9 p.m. The interactive voice response (IVR) system is available 24 hours a day, 7 days a week.

When Your Account Balance Is Paid

If You Retire

You may receive your account balance when you start receiving payments from the IUOE Local 542 Pension Fund. This can be as early as the first day of the month on or after your 55th birthday (if you have at least 10 pension credits).

If You Become Disabled

You may receive your full account balance if you become totally and permanently disabled and are awarded a Social Security disability pension.

If You Leave Covered Employment

If you separate from covered employment, you may receive your account balance at the end of the calendar year following 18 consecutive months of separation. If you choose to leave your account in the plan, your account will continue to participate in investment gains and losses as long as it remains in the plan.

If You Die

Your spouse or other named beneficiary will receive your full account balance if you die before you receive your balance. 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.

How Your Account Is Paid

When it's time for your account 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 and want to elect an optional form of payment, your spouse must sign a consent form agreeing to the form of payment. The consent form must be signed in the presence of a notary public and must include the notary's seal and signature.

The choices you make are irrevocable once you begin receiving your account—you may not make any changes after payments start.

Normal Form of Payment

If You Are Single

If you are single when benefit payments begin, you will receive your full account balance in the form of a life annuity with monthly payments for your lifetime. After you die, payments will stop.

The amount of your monthly benefit will depend on your account balance. The Trustees will provide your monthly benefit by purchasing an annuity contract from an insurance company.

Once payments commence, the form of payment cannot be changed.

If You Are Married

If you are married when benefit payments begin, you will automatically, by law, receive a 50% joint and survivor annuity unless your spouse waives his or her right to this benefit.

This payment form provides you with a lifetime monthly benefit. If you die, your surviving spouse will receive 50% of the monthly benefit you were receiving. If your spouse dies before you, the amount you receive will not be increased.

The Trustees will provide your monthly benefit by purchasing an annuity contract from an insurance company. 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 benefit.

Once payments commence, the form of payment cannot be changed. If you and your spouse are later divorced or if your spouse dies before you, you may not substitute someone else as your contingent beneficiary in lieu of your spouse.

Example

Assume that your spouse is three years younger than you and your account balance equals \$2,268 as a life annuity. Your 50% joint and survivor monthly payment 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	\$2,268
You would receive 89.8% x \$2,268 =	\$2,037
After your death, your spouse would receive 50% x \$2,037 =	\$1,019

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

If your account balance is less than \$5,000, you (or your beneficiary) will receive your balance in a single payment instead of receiving monthly payments.

This payment is automatic and does not require your or your spouse's consent. This payment will fully discharge the Fund's obligation to you and your beneficiary; you will not be entitled to any other benefit from the plan.

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. Once payments commence, the form of payment cannot be changed.

Lump Sum

You may elect to receive your full account balance in a single payment. This payment will fully discharge the Fund's obligation to you and your beneficiary; no other benefit will be paid out.

Life Annuity

This option is the same as the normal form of payment for single members. Equal monthly payments are paid for your lifetime.

Monthly Installments

If you elect this option, you will receive equal monthly payments. You choose the number of payments, up to a maximum of 120 payments. If investment returns are negative and your account balance reaches \$0 before you have received your specified number of installments, payments will stop. If investment returns are positive, you will receive a lump-sum payment at the end representing all of the interest earned while you were receiving your monthly installments. If you die before you receive your full account balance, the remaining payments will be paid to your beneficiary.

Example

Assume your account balance is \$120,000 and you choose to receive 120 payments. Assume also that investment returns have been 3.5% while you have been receiving your monthly installments.

You would receive $\$120,000 / 120 = \$1,000$ a month for 120 months.

You would also receive a lump sum of \$25,830 representing the interest earned on your account.

Combination

You may receive a portion of your account balance in a single payment. The remainder of your balance will be paid out in monthly installments over a period of up to 120 months. If investment returns are negative and your account balance reaches \$0 before you have received your specified number of installments, payments will stop. If investment returns are positive, you will receive a lump sum payment at the end representing all of the interest earned while you were receiving your monthly installments. If you die before you receive your full account balance, the balance will be paid to your beneficiary.

Example

Assume your account balance is \$120,000 and you choose to receive a single payment of \$20,000, with the rest of your account to be paid out in 100 payments. Assume also that investment returns have been 3.5% while you have been receiving your monthly installments.

You would receive $\$100,000 / 100 = \$1,000$ a month for 100 months.

You would also receive a lump sum of \$17,176 representing the interest earned on your account.

Choosing a Form of Payment

You may change your payment option any time before payments are scheduled to begin. **Weigh your decision carefully because once you cash your first annuity check, changes to your payment option may not be permitted.**

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

Unless you elect a later date, payment of your account must begin on the latest of the following:

- Attainment of your Normal Retirement Date (age 65 or the fifth anniversary of your participation date, whichever is latest)
- The 10th anniversary of the year in which you commenced participation in the plan
- The date you die, become disabled, or leave covered employment

If you attain age 70 1/2 before any of the above dates, payment must begin the April 1 following the calendar year you reach age 70 1/2.

If You Return to Covered Employment

If you leave covered employment or become disabled and receive your full account balance, and you later return to covered employment, you would have no right to any further payments for your prior period of covered employment. If you have not received your full account balance when you return, payments would cease.

Receiving Withdrawals from Your Account while in Covered Employment

Generally, the money that accumulates in your account should be used to help you throughout your retirement years. However, there may be times when you need to access your account balance before then. You will have to pay taxes and penalties for early withdrawal.

Your spouse must sign your request for withdrawal in the presence of a notary, attesting to the fact that the withdrawal may reduce or entirely eliminate the amount available for retirement. If you choose a payment form other than a 50% J&S, your spouse must sign a consent form in the presence of a notary. The form must include the notary's seal and signature.

The following types of withdrawals are permitted by the plan while you are under covered employment:

- In-service withdrawal—You may withdraw a portion of your account for any reason at any age
- Age 59 1/2 withdrawal—You may withdraw all or a portion of your account for any reason any time after you reach age 59 1/2
- Hardship withdrawal—You may withdraw all or a portion of your account if you experience a financial hardship

How Much You May Withdraw

You must withdraw a minimum of \$500. The maximum amount you may withdraw depends on the type of withdrawal you are making.

Withdrawal Fee

A \$25 administrative fee will be deducted from your withdrawal amount for each withdrawal you make.

If You Separate from Covered Employment

If you separate from covered employment and take your account balance in a lump sum, then later return to covered employment, your return date will be used to calculate your allowable withdrawal.

In-service Withdrawal

You may withdraw the following contributions and amounts as an in-service withdrawal at any time for any reason. You may make one in-service withdrawal in a 24-month period.

If You Have Had Your Account for Less Than Four Years

You may withdraw the lesser of:

- 50% of your account balance, as of the last valuation date, that is attributed to employer contributions, including the investment earnings, or
- 100% of your account balance that is attributed to employer contributions, less the contributions and earnings made to your account during the two years prior to the valuation date

If You Have Had Your Account for Four or More Years

You may withdraw 50% of your account balance. The account balance used is as of the last valuation date.

Age 59 1/2 Withdrawal

You may withdraw 100% of your account balance, as of the last valuation date, at any time for any reason. You may make one age 59 1/2 withdrawal during a 12-month period.

Hardship Withdrawal

You may apply for a hardship withdrawal from your account to satisfy a heavy and financial need.

Reasons for which you may make a hardship withdrawal are limited to:

- Medical expenses for you or a dependent that are not reimbursable under any medical insurance plan
- Cost of purchasing your principal residence, excluding mortgage payments
- Post-secondary educational expenses, including tuition, room and board, and related educational fees, for you or your dependents for the next 12 months
- Payments necessary to prevent eviction from or foreclosure on the mortgage of your principal residence
- Funeral/burial expenses for parent, spouse, child, legal dependent

The Trustees must approve your hardship withdrawal. Appropriate evidence or documentation that supports your financial need must be submitted before a decision can be made.

There are no restrictions on how many hardship withdrawals you may make, but no withdrawal can be disbursed less than 30 days after any other withdrawal or distribution.

If the Trustees determine that the withdrawal is necessary to satisfy your financial need, you may be allowed to withdraw from your account as follows:

Employer Contributions

If You Have Had Your Account for *Less Than Four Years*, you may withdraw the lesser of:

- 100% of your account balance, including any investment earnings, less the contributions made to your account during the two years prior to the valuation date, or
- 100% of your account balance, including any investment earnings on these contributions, as of the last valuation date.

If You Have Had Your Account for *Four or More Years*, you may withdraw 100% of your account balance as of the last valuation date.

Rollover Contributions

You may withdraw 100% of your account balance that is attributed to rollover contributions and any investment earnings on your rollover contributions.

Other Conditions and Limitations on Hardship Withdrawals

The hardship withdrawal amount cannot be more than the amount you need to meet the hardship expenses including federal, state, and local taxes and penalties. In addition, you must have exhausted all other options for obtaining distributions and non-taxable loans currently available under all plans maintained by your contributing employer (or any related company).

Withdrawals made under the Hardship provision are payable only to you, that is, you cannot “roll” money to another qualified plan or account through a Hardship withdrawal.

Survivor Benefits

If You Die before You Start Receiving Your Account Balance

If you die before you receive your full account balance, your beneficiary will receive your full account balance. He or she may elect to receive your account in the form of either of the following:

- Equal monthly installments not to exceed 120 payments
- A lump sum

If you are married when you die, the Board of Trustees may purchase a life annuity from a legal reserve life insurance company payable to your spouse using the balance of your account. Your spouse would receive 50% of the amount you would have received had you lived and begun receiving a 50% joint and survivor annuity.

If You Die after You Have Begun Receiving Your Account Balance

If you die after payments have begun, your spouse or beneficiary will receive any outstanding payments remaining. If you received your full account balance before you died, no payments will be made to your spouse or beneficiary.

Taxes on Withdrawals and Distributions

The following brief review is intended only as a general overview of certain federal income tax rules in effect as of January 1, 2006. Keep in mind, tax rules change, and the IRS' interpretation of existing rules may also change.

No one in the Fund office is authorized to advise you about taxes. For specific tax advice about your own personal situation, you may want to consult a qualified tax advisor.

When you receive a lump-sum cash payout, you will pay federal income taxes. You may also have to pay state and local taxes.

Withholding for Federal Taxes

All contributions and investment and interest earnings are subject to ordinary income tax when withdrawn or distributed.

The IRS requires the plan to automatically withhold federal taxes of all taxable plan money that is eligible for rollover but paid directly to you. The current withholding amount is 20% of your lump sum cash payment. You can avoid this mandatory tax withholding if your taxable distribution is directly transferred to an individual retirement account (IRA) or other qualified plan. Talk to a professional financial or tax advisor before receiving your account.

Additional 10% Tax on Early Distribution

In addition to current federal income taxes, you may be required by the IRS to pay an extra 10% tax on your withdrawal or distribution.

This 10% penalty will not apply if:

- Your account is paid after age 59 1/2
- Your account is paid out because you retire on or after you reach age 55
- You use the money to pay for tax-deductible medical expenses
- You roll over the taxable portion of your distribution directly into another qualified plan or an IRA
- The distribution is made to your beneficiary after your death
- The distribution is attributable to your disability, as verified with a Social Security disability award
- The distribution is directed by a Qualified Domestic Relations Order (QDRO)

A professional financial or tax advisor can give you additional information about the tax implications of your lump-sum cash distribution.

Applying for Your Annuity Retirement Distribution

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

1. You must call the Fund office to set up an interview and to obtain an application when you have decided on your retirement date.
2. After your interview, submit your application with the Fund office. Monthly benefits cannot begin before the later of the first day of the month following the month in which your application for benefits is filed or the month in which you first qualify for a pension with IUOE Local 542. You may file an application even if all required supporting information is not immediately available.

If you are applying for a disability distribution, you must provide proof that you are receiving Social Security disability benefits.

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

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 must 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 annuity check is cashed.**

Benefit Payments to Your Spouse or Beneficiary

If you die, 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 receive your full account balance.

If Your Claim Is Denied

The annuity 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 – Annuity Plan

The following table shows your Annuity joint and survivor adjustments. To determine your joint and survivor benefit, you must multiply your annuity by the joint and survivor adjustment.

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 annuity	91% minus .4% for each full year your spouse or beneficiary is younger
Older than you	Non-disability annuity	91% plus .4% for each full year your spouse or beneficiary is older (to a max. of 99%)
Younger than you	Disability annuity	83.5% minus .4% for each full year your spouse or beneficiary is younger
Older than you	Disability annuity	83.5% plus .4% for each full year your spouse or beneficiary is older (to a max. of 99%)