

Plumbers, Pipe Fitters & MES Local Union No. 392 Pension Fund

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TO ALL PARTICIPANTS:

June 2021

The Trustees of the Plumbers, Pipe Fitters and Mechanical Equipment Service Local Union No. 392 Pension Fund (“Pension Fund”) are pleased to announce the following changes to the Pension Fund. Please keep this notice with your Summary Plan Description (“SPD”) booklet for future reference.

Effective June 1, 2021, a participant may “purchase” additional retirement benefits from the Pension Fund when he or she retires by making an eligible rollover distribution into the Pension Fund from a tax-qualified defined contribution plan. This new option allows you to rollover money from your Supplemental Retirement Plan or other tax-qualified defined contribution plan into the Pension Fund at retirement.

Your rollover is converted into a monthly benefit that will be added to your Pension Fund benefit. Essentially, this allows you to convert your defined contribution money into a defined monthly benefit payable by the Pension Fund. The factors used to convert your rollover into additional retirement benefits are prescribed by law and change annually.

The decision to rollover money from your Supplemental Retirement Plan or other tax-qualified defined contribution plan at retirement is irrevocable. This means that once this money has been accepted by the Pension Fund and used to purchase additional pension benefits, you cannot then request to receive your rollover amount back in a single payment. The rollover amount is treated as contributions made to the Pension Fund on your behalf and added to your Return of Contributions Death Benefit.

For Example:

Current Benefit at Retirement

John retires at age 60 with 30 years of Vesting Service. He is not married and elects the Single Life Annuity which is payable monthly for as long as he lives and ends upon his death.

His accrued monthly benefit is \$3,000. \$2,610 of his benefit was earned before June 1, 2018 and \$390 of his benefit was earned after May 31, 2018. John is eligible for the Rule of 90 on his \$2,610 monthly benefit. Therefore, his monthly Early Retirement Pension would be calculated as follows:

Accrued Benefit Earned after May 31, 2018	\$390.00
Age 60 Early Retirement Reduction Factor	x <u>60.022%</u>
Age 60 Benefit Earned after May 31, 2018	\$234.09
Rule of 90 Benefit	<u>\$2,610.00</u>
Age 60 Early Retirement Benefit	\$2,844.09

New Purchase Option

Under the new “purchase” option, John would like to directly rollover \$50,000 from his vested account balance under the Supplemental Retirement Plan. The amount of John’s monthly age 60 early retirement benefit is calculated as follows:

Rollover Amount at Retirement	\$50,000.00
Age 60 Rollover Conversion Factor	÷ <u>208.886</u>
Additional Retirement Benefit Purchased	\$239.37
Age 60 Early Retirement Benefit	<u>\$2,844.09</u>
Total Age 60 Early Retirement Benefit	\$3,083.46

Return of Contributions Death Benefit

When John retired, the contributions made to the Pension Fund on his behalf totaled \$312,000. The Pension Fund’s Return of Contributions Death Benefit provides that if John dies and his spouse (if applicable) dies before receiving \$312,000 in monthly benefits, then his monthly benefit will be paid to John’s designated beneficiary until all of his contributions have been paid in monthly benefits to his beneficiaries. John’s \$50,000 rollover amount would be added to his \$312,000 in contributions for purposes of the Plan’s Return of Contributions Death Benefit.

If John was not married (or his spouse waived her rights to a Joint & Survivor Annuity) and he passed away at age 69 after receiving benefits for 9 years (108 monthly payments), his Return of Contributions Death Benefit would be calculated as follows:

Fund Contributions	\$312,000.00
Rollover Amount at Retirement	<u>\$50,000.00</u>
Return of Contributions Death Benefit	\$362,000.00
Monthly Payments Made (\$3,083.46 x 108)	- <u>\$333,013.68</u>
Remaining Return of Contributions Death Benefit	\$28,986.32

John’s beneficiary would receive \$3,083.46 per month until the Pension Fund paid out \$28,986.32 (nine payments of \$3,083.46 and a final payment of \$1,235.18).

This announcement is intended to be a Summary of Material Modifications and comply with the notice requirements under federal law. If you have any questions about these benefit improvements, please contact the Fund Office.

Sincerely,

Board of Trustees