

Pension Plan

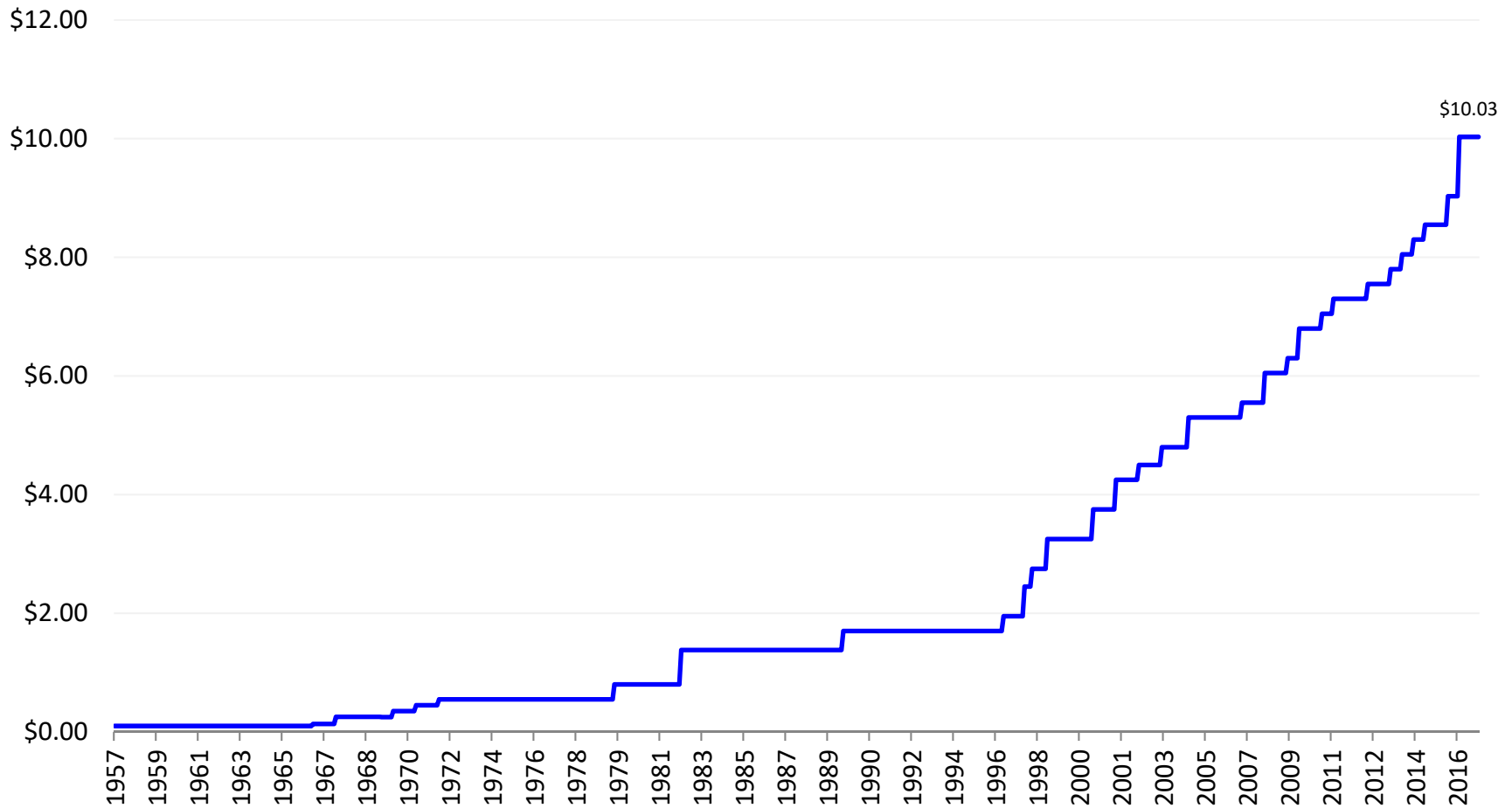
All about your pension benefits

- What “type” of Plan is this?
- What will my benefit be?
- When should I apply for benefits?
- What choices will I have when I retire?

What “type” of plan is this?

- The “Electrical Workers' Pension Fund, Local 103, I.B.E.W.” (that’s the formal name) is a “Defined Benefit” type of plan
- The amount you receive depends on
 - The formula that is used (the “multiplier”)
 - How many years of service you have
 - When you retire (what age)
- Note: there’s nothing about “investment return” in this type of plan

History of the hourly pension contribution rate



This is our pension

- I.B.E.W. Local 103 Trustees
 - 3 Union & 3 Management
- Managed/Administered by the Fund Office
- Different than the NEBF pension

How much will my pension be?

- If you retire on/after 11/1/2016 (but before 11/1/2017) and never had a “break” in your “service”, the formula is:
\$117 per month for every “year of service” you earned. This is sometimes called the “multiplier”
- If you retire on/after 11/1/2017, the “multiplier” will be **\$120** per month for every “year of service” you earned (if you never had a “break” in your “service”). We’ll use \$120 in our examples.

Simple example of benefit calculation

- Jack started working in 1987 at age 28
- He'll be 58 years old and has 30 years of service on November 1, 2017
- If he retires on 11/1/2017 (age 58), he'll get
 - $\$120 \times 30 = \mathbf{\$3,600}$ per month every month from 11/1/2017 forward
 - This is **\$43,000 per year**
- Your individual situation may differ

When can I get my pension? ("Normal Retirement")

- "Normal" retirement is when you can get your pension without any reduction
- For this plan, "Normal Retirement" is when you are
 - Age 58 (or older)
 - Have at least 5 years of service

When can I get my pension? (“Early Retirement”)

- You can get your pension before your “Normal Retirement” date, but it’s reduced
 - Because you are starting it earlier than “normal” retirement age
- For this plan, “Early Retirement” is when you are
 - Age 55 (or older, but before age 58)
 - Have at least 10 years of service
- Your pension is reduced by 0.3% for each month you are younger than 58 (3.6%/year)

When can I get my pension? ("Disability Retirement")

- The Plan also offers Disability retirement if you become totally and permanently disabled while working, and have at least 10 years of service before your disability

Example of early retirement

- Bill started working in 1987 at age 25
- He's now 55 years old with 30 years of service and wants to retire on November 1, 2017
- The formula for Bill's benefit is
 - $\$120 \times 30 = \mathbf{\$3,600/month}$ (just like Jack)
- Because he wants to start "early", Bill's benefit is reduced by 0.3% for each month (3.6%/year) before 58
 - Bill is 36 months (3 years) away from 58
 - $3.6\% \times 3 \text{ years} = 10.8\%$ reduction (89.2% of pension)
 - Bill will get a 10.8% reduction, which means he will get a check of **\$3,211.20** every month

Is there any additional benefit if I retire at or after age 58?

- Yes. The plan has a “bridge” benefit from age 58 until age 62
- The current “bridge” benefit is \$1,500 per month
- This starts at retirement, and stops at age 62
- But, you have to retire at or after age 58
 - So, from our examples, Jack (retiring at 58) would get an additional \$1,500 for 4 years
 - Bill (retiring at age 55) would not get any “bridge” benefit

What happens to my pension benefit when I die?

- It depends on the “form” of benefit you choose
- If you are married and choose the “married couple annuity”, your spouse gets 50% of your benefit when you die
- If you choose some other “form” that the plan allows, it depends on what you choose

Example of “Married Couple” benefit

- Jack (remember him?) retires and is receiving a monthly check of \$3,600 (at age 58), not including his “bridge” benefit
 - When Jack is 68, he passes away
- Jack’s widow will get 50% of John’s benefit (\$1,800 per month) for the rest of her life
- If Jack died before age 62, his “bridge” benefit would stop; his widow would get \$1,800 per month for the rest of her life

Is there a time that I have to start receiving my pension benefit?

- Yes.
- You must start receiving your pension benefit by the April 1st following the calendar year you attain age 70½
- It does not matter whether you are still working.
- This follows rules allowed by the IRS.

When can I retire?

- Your Date of Retirement should be no earlier than the first day of the month following the second month after Application received by the Fund Office
- If you apply by the 15th of a month, your benefit starts on the first of the month following the next month (the “45 day” rule)
- Example
 - Application completed and submitted by June 15
 - Retirement on August 1

What does it mean to be “Vested”

- “Vesting” can also be called “owning”
- You are 100% “vested” in the pension after earning 5 “eligibility credits”
- Example
 - Freddy starts working when he is age 25 and he works 1,000+ hours for 5 years
 - Freddy is “vested” when he is age 30
 - Freddy stops working when he is 30, and never comes back to the Fund
 - Freddy gets a benefit at retirement because he is vested when he leaves the Fund

What is a “Break in Service”?

- Some people have not worked the necessary hours each plan year from the time they started as a Participant through retirement
- They may have “breaks” in their service
 - A “Break Year” happens if you have fewer than 200 hours in a “plan year” (November-October)
 - A “Break in Service” happens if you have 3 consecutive Break Years

How does a “Break in Service” affect my pension benefit?

- If you have a “Break in Service”, the benefit you earned before the “break” is frozen (that is, any future change in the multiplier won’t affect it)

Example of a “Break in Service”

- Tony has 20 years of service at 10/31/06
- He works fewer than 200 hours each plan year through 10/31/09, so he has a “Break in Service”
- He then works from 11/1/09 to 10/31/17 and retires on 11/1/17
- Tony’s benefit is calculated as
 - 20 years at the “multiplier” when he had his “Break in Service” (\$108.50), plus
 - 8 years at the current rate (\$120)
 - Tony’s benefit is \$3,130/month
- The current multiplier does not go “all the way back” because of his “Break in Service”

General rules for completing an application for retirement

1. Go to the Fund Office and complete an “Application for Retirement Benefits”
2. Bring a copy of your Birth Certificate and other applicable documents (coming up)
3. Sign the “Applicant’s Certification” portion of the Application
4. Have the Application Notarized (Fund Office can do this)

Applying for retirement

- Remember, you must submit an Application for Retirement Benefits **at least 45 days** before you plan to retire
 - All retirements start on the first of the month
- It's better to start the process 90 days in advance of the date you want to retire, especially if your marital status changed

Example of applying for retirement

- Joe wants to retire on November 1, 2017
- He should contact the Fund Office by August 1, 2017 (90 days before he intends to retire) to start the application process
- He must submit an Application no later than September 15, 2017 (45 days before he intends to retire)

If you're married

1. You'll need a copy of your Marriage Certificate
2. You'll need a copy of your spouse's Birth Certificate

If you're divorced or widowed

- If you're divorced...
 1. You'll need a copy of your Divorce Decree
 2. You'll need a copy of your "QDRO" (if any)
- If you are widowed...
 1. You'll need a copy of your spouse's death certificate

Complete beneficiary designation

- **If you are married:** your spouse is automatically your designated beneficiary (you don't have to fill out a beneficiary designation)
- **If you are single and choose the “10 Years Certain and Life” annuity,** your designated beneficiary can be anyone (child, sibling, parent, ...)

Financial status

- Green Zone since 2008
- Interest Rate Assumption is 7.5%

Working out of state

- If the out of state Fund has only a “Defined Contribution” plan (no “Defined Benefit”, like our Pension Plan)
 - Your “hourly contribution” from out of state will be converted from “DC money” (out of state) to “DB money” (this Fund)
 - There’s a paper form that is used
- So, you get some credit under this Pension Plan