OPERATING ENGINEERS TRUST FUNDS

I.U.O.E. LOCAL 12 HEALTH & WELFARE / PENSION / VACATION / DCP

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Important Information Regarding Your Pension Benefits

Forms of Pension Payment

The Pension Trust offers several forms of pension payment. These forms are described on the Explanation of Forms of Pension sheet as well as in the Summary Plan Description Booklet (SPD). You should read this information carefully before making a selection of the form of pension payment.

Relative Value of Pension Payment Options

IRS regulations require that the Pension Trust give retiring participants a comparison of the relative value of the different optional forms of pension payment available under the Plan. This is to help you make an informed choice about the form you elect. “Relative Value” means the actuarial present value of each optional form of pension payment compared to the actuarial present value of the Qualified Joint & Survivor Annuity (i.e. the Joint & Survivor Annuity) or, for single participants, the Single Life Annuity. In this Plan, the pension payment options have approximately the same actuarial value with the following exceptions:

- If you are married and your spouse is 10 years older than you and you are retiring on a non-disability pension, the 50% Joint & Survivor Annuity has a lower relative value than the Single Life Annuity.

- If you are younger than age 30, are married and retiring on a Disability Pension, both the 75% Joint & Survivor Annuity and the Single Life Annuity have a lower relative value than the 50% Joint & Survivor Annuity.

Actuarial values are determined using mortality and interest assumptions. Mortality assumptions are based on standardized tables developed by actuarial organizations and life insurance companies which analyze information about large groups of people to project the rates at which groups of individuals at different ages are expected to die. The interest assumption is an estimate of the likely investment earnings, over time, on the money put aside to pay the benefits. This is relevant in determining the actuarial value because investment earnings will provide some of the funds to pay the benefits.

It is important that you understand that this is not a guarantee or even a prediction of what you will actually receive after you retire. The actual value of the pension you receive and its comparison to the value of other optional forms will vary depending on how long you and your spouse or beneficiary, in fact, live and on your ages when payments start.

Deferring Commencement of Benefit Payments

Retirement Before Age 62. If you are applying for an Early Pension, the monthly pension amount will be reduced by one-quarter of one percent (1/4%) for each month you are younger than age 62 on your pension effective date. If you choose to defer payment of your pension to a later date, the amount of the reduction will be less, based on your age at the time payment begins. If you defer payment to age 62, your pension amount will not be reduced for age. Please refer to pages 23 and 24 in the Summary Plan Description Booklet (SPD) for more information.

If you have performed work for a Non-Contributing Employer, the Early Pension reduction is one-half of one percent (1/2%) for each month you are younger than age 62 on your pension effective date. Please refer to page 23 in the Summary Plan Description Booklet (SPD) for more information.

Retirement After Age 65. If you decide to delay receiving a pension until you are older than age 65, your monthly pension will be actuarially increased for each month you are older than age 65 on the effective date of your pension. The actuarial increase is equal to 1% per month for the first 60 months by which you are older than age 65, and 1.5% for each month thereafter. If you stop working in Covered Employment, your pension must start no later than April 1 following the calendar year in which you reach age 70-1/2. If you continue to work in Covered Employment, you may defer the commencement of your pension until you retire.