

# Locals 302 and 612 of the International Union of Operating Engineers Trust Funds

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Administered by  
Welfare & Pension Administration Service, Inc.

December 14, 2016

**TO: All Participants**  
**Locals 302 and 612 of the International Union of Operating Engineers –**  
**Employers Construction Industry Retirement Trust**

**RE: Notice of Changes in Benefits and Summary of Material Modification**

**Retired Participants:** If you are already retired and receiving benefits from the Plan, your benefits will **not** be affected by this change, *unless you return to work and earn additional service after December 31, 2016.*

The Trustees have amended the Locals 302 and 612 of the International Union of Operating Engineers-Employers Construction Industry Retirement Plan as part of the ongoing actions taken to improve its funded status. For covered hours of employment on and after January 1, 2017, the first \$1.00 of the hourly contribution, plus 20% of the balance of the hourly contribution, will go to funding the Plan and will not accrue a benefit. This change is further described below.

## **Contributions Currently Used for Accrual**

Presently you accrue a benefit equal to 1.5% of employer contributions made or required to be made on your behalf for covered hours of employment, less 12% of the entire hourly contribution. This means that 88% of the employer contribution accrues a benefit and 12% does not accrue a benefit and is allocated to funding the Plan.

## **Contributions Allocated to Accrual Effective for Hours on and after January 1, 2017**

Under the Plan as amended, the accrual rate will remain at 1.5%. However, effective for hours worked on and after January 1, 2017, the first \$1.00 of the hourly contribution, plus 20% of the balance of the hourly contribution will be allocated to funding the Plan and you will not accrue a benefit on that amount. You will accrue benefits on the remaining employer contributions.

## **Here is an Example:**

Suppose that through December 31, 2016, you have accrued a benefit payable at normal retirement of \$2,000 per month. As of January 1, 2017, your employer contributes \$10.65 per hour to the Plan on your behalf. Under the current formula, 12% of the entire hourly contribution paid on your behalf, or \$1.278, would be used to fund the Plan and would not accrue a benefit. You would accrue a benefit on the remaining 88% or on \$9.372.

Under the Plan as amended for covered hours of employment on and after January 1, 2017, the first \$1.00 of the hourly contribution plus 20% of the balance of the hourly contribution, or \$2.93, will go to funding. You will accrue a benefit on the remaining \$7.72. If you work 1,400 hours from January 1, 2017 through December 31, 2017, you will accrue a normal retirement benefit of \$162.12 per month, calculated as follows:  $(\$10.65 - \$1.00) \times .80 \times 1,400 \text{ hours} \times 1.5\% = \$162.12$ . Without this amendment, the benefit you would earn in this year would be \$196.81 per month, calculated as follows:  $\$10.65 \times .88 \times 1,400 \times 1.5\% = \$196.81$ .

If the negotiated contribution rate increases to \$10.90 on January 1, 2018, and there are no further changes in the accrual formula, the first \$1.00 of the hourly contribution plus 20% of the balance of the hourly contribution, or \$2.98 will go to funding. You will accrue a benefit on the remaining \$7.92. If you work 1,400 hours from January 1, 2018 through December 31, 2018, you will accrue a normal retirement benefit of \$166.32 per month, calculated as follows:  $(\$10.90 - \$1.00) \times .80 \times 1,400 \text{ hours} \times 1.5\% = \$166.32$ . Without this amendment, the benefit you would earn in this year would be \$201.43, calculated as follows:  $\$10.90 \times .88 \times 1,400 \times 1.5\% = \$201.43$ .

In this example, your total normal retirement benefit accrued as of December 31, 2018, compared to what it would have been before the amendment, is as follows:

<b>Years</b>	<b>Accrued Benefit (before change)</b>	<b>Accrued Benefit (after change)</b>
Prior to 2016	\$2,000.00	\$2,000.00
2017	196.81	162.12
2018	<u>201.43</u>	<u>166.32</u>
Total	\$2,398.24	\$2,328.44

The normal retirement benefit may be reduced depending upon the form of payment elected at retirement.

### **For More Information**

The notice is provided in accordance with Section 204(h) of the Employee Retirement Income Security Act of 1974, as amended, and Section 4980F of the Internal Revenue Code of 1986, as amended. This notice is also a summary of material modifications to the 2007 Edition of the Summary Plan Description. Please keep this notice with your booklet. If you have any questions concerning the benefits described in this notice, or Plan benefits in general, you may visit our website at [www.engineerstrust.com](http://www.engineerstrust.com), write the Trust Administration Office at the address indicated above, or call one of the following pension representatives at (206) 441-7314 or (877) 441-1212:

If your last name begins with the letter:

A-J	Heidi Jongkindt	Extension 3206
K-Z	David Spradlin	Extension 3211

### **Board of Trustees Locals 302 and 612 of the International Union of Operating Engineers-Employers Construction Industry Retirement Plan**

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