

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

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Administered by
Welfare & Pension Administration Service, Inc.

August 14, 2009

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

RE: Notice of Change in Benefits and Summary of Material Modification

Retired Participants: if you are already retired and receiving benefits from this Plan, your benefits will **not** be affected by this change, *unless you return to work and earn additional service after January 1, 2010.*

As you are aware, the financial markets performed poorly over the past 18 months. As a result, like many pension plans, **the Locals 302 and 612 of the International Union of Operating Engineers-Employers Construction Industry Retirement Plan** ("Plan") earned less than the assumed rate of investment return on Trust assets. The Trustees, like trustees of other pension plans across the country, have been taking a hard look at the benefits provided by the Plan. As a result of this review, the Trustees approved the following amendments to the Plan effective January 1, 2010.

- Re-allocation of a portion of employer contributions to be used solely towards improving the funding of the Plan.
- An increase in the reduction factors used to determine the Early Retirement benefit for benefits accrued on and after January 1, 2010, which will reduce the benefit for those electing Early Retirement.
- An increase in the reduction factors used to determine the Disability Retirement benefit for disability applications received on and after January 1, 2010, which will reduce the benefit for those electing and qualifying for Disability Retirement.

These changes are further described, below.

Re-Allocation of Employer Contributions for Improving Plan Funding

Presently you earn a benefit equal to 1.5% of all employer contributions made or required to be made on your behalf for covered hours of employment. Under the Plan as amended, the accrual rate will continue to be 1.5%. However, effective for hours worked on and after January 1, 2010, 12% of the negotiated employer contribution rate as determined on January 1, 2010 will be allocated to funding the Plan and you will not accrue a benefit on that amount. You will continue to accrue benefits on the remaining 88% of employer contributions. Contribution rate increases after January 1, 2010 will also accrue a benefit.

Example: Mike Brown accrued a Normal Retirement benefit of \$2,000 through December 31, 2009. His employer contributes \$6.90 per hour to the Plan on his behalf as of January 1, 2010. For hours worked on and after January 1, 2010, \$.83 of the hourly contribution paid on behalf of Mike will be allocated to funding the Plan. Mike will accrue a benefit on the remaining \$6.07.

If Mike works 1,400 hours from January 1, 2010 through December 31, 2010, he will accrue a Normal Retirement benefit of \$127.47 per month, calculated as follows: 1,400 hours x \$6.07 x 1.5% = \$127.47. (If the Plan had not been amended, his benefit would have been \$144.90 per month.)

If the negotiated contribution rate increases to \$7.00 per hour on January 1, 2011 and there are no further changes in the accrual formula, then \$.83 will continue to be used for funding the Plan, and Mike will accrue a benefit on the balance of \$6.17. If Mike works 1,400 hours from January 1, 2011 through December 31, 2011, he will accrue a Normal Retirement benefit of \$129.57 per month, calculated as follows: 1,400 hours x \$6.17 x 1.5% = \$129.57.

In this example, Mike's total Normal Retirement benefit accrued as of December 31, 2011 is as follows:

Years	Accrued Benefit
Prior to 2010	\$2,000.00
2010	127.47
2011	<u>129.57</u>
Total:	\$2,257.04

The Normal Retirement benefit may be reduced depending upon the form of payment Mike elects at retirement.

Early Retirement Reduction Factors

If you elect Early Retirement, your monthly retirement income is based on the accrued benefit earned to your retirement date, reduced to reflect the fact that benefits will be paid for a longer period than if benefits began at Normal Retirement. The amount of the reduction is based upon a factor which depends upon your age at retirement. Effective for accrued benefits earned on and after January 1, 2010, the factors have been changed as follows:

Age at <u>Retirement</u>	Current Factors for Accrued Benefit Earned prior to <u>January 1, 2010</u>	New Factors for Accrued Benefit Earned on and after <u>January 1, 2010</u>
60	100%	100.0%
59	98%	93.5%
58	96%	87.0%
57	93%	80.5%
56	90%	74.0%
55	86%	67.5%
54	82%	61.0%
53	79%	54.5%
52	76%	48.0%

The above factors are pro rated by month. **The new factors only apply to the accrued benefit for hours worked on or after January 1, 2010. The factors applied to the accrued benefit for hours worked prior to January 1, 2010 are unchanged.**

Example: Mike Brown retires at age 57. His accrued benefit earned prior to January 1, 2010 is \$2,000. His accrued benefit earned on or after January 1, 2010 is \$257.04. His monthly Early Retirement income is \$2,066.92, calculated as follows:

$$\begin{array}{r}
 \$2,000 \\
 \times .93 \\
 \hline
 \$1,860
 \end{array}
 +
 \begin{array}{r}
 \$257.04 \\
 \times .805 \text{ (see age 57 factors in the table above)} \\
 \hline
 \$206.92
 \end{array}
 = \$2,066.92$$

The monthly Early Retirement income may be further reduced depending upon the form of payment Mike elects.

Disability Retirement Reduction Factors

If you qualify for Disability Retirement, your monthly retirement income is also reduced. The amount of the reduction is based upon a factor which depends upon your age at your Disability Retirement date. Effective for participants who apply for disability benefits on and after January 1, 2010 the factors have been changed. A sample of the current and new factors follows:

<u>Age at Retirement</u>	<u>Factors for Disability Applications Received prior to January 1, 2010</u>	<u>New Factors for Disability Applications Received on or after January 1, 2010</u>
60	100%	100.00%
59	100%	93.50%
58	100%	87.00%
57	100%	80.50%
56	100%	74.00%
55	100%	67.50%
54	100%	61.00%
53	100%	54.50%
52	100%	48.00%
51	100%	43.28%
50	100%	39.08%
45	85%	23.97%
35	55%	9.76%
25	25%	4.18%

The above factors are prorated by month.

Example: John Smith becomes disabled and takes Disability Retirement at age 52. His accrued benefit is \$2,500. His monthly Disability Retirement income is \$1,200, calculated as follows:

$$\begin{array}{r}
 \$2,500 \\
 \times .48 \text{ -- Age 52 Disability Factor shown above} \\
 \hline
 \$1,200
 \end{array}$$

If the factors had not been changed, John would have received \$2,500 as a Disability Retirement benefit.

The monthly Disability Retirement income may be reduced depending upon the form of payment John elects.

This notice is 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, call or write the Administration Office at the address and phone number listed above. You may also visit our website at www.engineerstrust.com.

If you have any questions concerning the above, please contact one of the following pension representatives at the Welfare & Pension Administration Service, Inc. at (206) 441-7314 or (877) 441-1212:

If your last name begins with the letter:

A - J	Byron Stevens	Extension 3204
K - Z	David Spradlin	Extension 3211

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

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