

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 13, 2007

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

RE: IMPORTANT NOTICE OF PLAN CHANGES EFFECTIVE JANUARY 1, 2008

Federal tax law limits the annual retirement benefit that can be paid to individual participants by the Locals 302 and 612 of the International Union of Operating Engineers-Employers Construction Industry Retirement Plan ("Plan"). This limit is generally referred to as the "IRS 415 limits." Effective January 1, 2008, the IRS revised the regulations used for calculating this limit. As discussed below, the Board of Trustees was required to amend the Plan to comply with the new regulations. Most Plan participants will not be affected by this amendment. However, the annual benefits of a few participants may be limited.

This change does not apply to any participant's benefit earned as of December 31, 2007

How do the IRS 415 limits work?

The Plan computes retirement benefits based on a formula that takes into account the rate at which employer contributions were made for you, your years of service, and your age at retirement. However, under Federal law, your benefit cannot exceed the maximum set by the IRS 415 limits. For 2008, benefits are limited to \$15,303.18 per month if paid at age 62 as a Modified Life Annuity guaranteed for five years, or \$15,416.67 per month if paid at age 62 as a 50% Spouse Option for you and your spouse. If you retire before age 62, the limit is reduced. If you elect payment in a form other than a Modified Life Annuity or 50% Spouse Option, the regulations provide a method to convert the benefit into an actuarially equivalent amount. The IRS 415 limits are also indexed to cost-of-living increases, so the limits for 2009 and later years could be higher.

How did the new IRS regulations change the 415 limits?

Prior to January 1, 2008, the Plan was allowed to apply the IRS 415 limits on an employer by employer basis, to the benefit earned separately with each contributing employer. Effective January 1, 2008, the IRS 415 limits must be applied to the total benefits earned with all contributing employers. The changes that are effective January 1, 2008 cannot result in a limitation that is lower than a participant's benefits accrued or payable prior to January 1, 2008.

EXAMPLE:

Mike Johnson worked for two contributing employers during his career. As of December 31, 2007, he accrued a retirement benefit of \$5,500 with each employer, for a total benefit of \$11,000 per month payable at the Plan's normal retirement age of 60. Since the benefit earned with each employer separately as of December 31, 2007, will be below the IRS 415 limits when Mike retires, his December 31, 2007 accrued benefit will not be affected by the new regulations. Only benefits earned after December 31, 2007 are affected.

Mike continues to work during 2008 and earns an additional monthly benefit of \$162. This gives him a total benefit of \$11,162 per month payable at age 60. Mike retires July 1, 2008, at age 53. Since Mike is retiring prior to normal retirement age, an early retirement factor of .79 will be applied to Mike's monthly benefit, so his total monthly benefit earned with all contributing employers is \$8,817.98 per month (\$11,162 x .79). The IRS 415 limit for Mike is \$8,031.21 per month. When the benefit earned with all employers is aggregated, it exceeds the IRS 415 limit. Therefore, Mike will not receive his full benefit from *this* Plan. Instead, he will receive his December 31, 2007 benefit in the amount of \$8,690 per month (\$11,000 x .79) from this Plan and the benefit earned after January 1, 2008 in the amount of \$127.98 per month (\$162 x .79) from the Locals 302 and 612 of the International Union of Operating Engineers-Employers Construction Industry Excess Benefit Plan.

Which participants are more likely to be affected by this change?

You are more likely to be affected by the changes in the IRS regulations, if the following factors apply:

- You worked with several employers over a long period of time at relatively high contribution rates.
- You elect to commence benefits before age 62.

What happens if your benefit is affected by the IRS 415 limits

Currently, if your benefits exceed the IRS 415 limits, the difference is paid by the Locals 302 and 612 of the International Union of Operating Engineers-Employers Construction Industry Excess Benefit Plan. The Excess Benefit Plan is a nonqualified plan that was established by the Trustees to provide for this contingency. The benefits paid by the Excess Benefit Plan are subject to income tax withholding and payroll taxes, such as FICA and FUTA.

Although the Trustees do not anticipate changing the Excess Benefit Plan, its benefits are not vested or otherwise guaranteed, and may be limited by the Trustees, in their discretion. For example, benefits may be limited or terminated if funding of the Excess Benefit Plan will impair the funding status of the Retirement Plan.

For More Information

Please refer to your summary plan description booklet for information about other Plan provisions. You may also visit the website at www.engineerstrust.com for Plan information. If you have any questions about this notice, you may contact the Administration Office at (206) 441-7314 or (877) 441-1212.

Summary of Material Modification

This notice is intended to satisfy the ERISA requirements for a summary of material modification. **This notice should be kept with your Plan 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.

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