



PLUMBERS AND PIPEFITTERS LOCAL #333 FRINGE BENEFIT FUNDS



IMPORTANT 204(H) NOTICE TO PLAN PARTICIPANTS AND BENEFICIARIES

Summary of Material Modifications to the PLUMBERS AND PIPEFITTERS LOCAL UNION NO. 333 PENSION PLAN

The Pension Fund continues to strive to improve its funded status. In keeping with a federal law called the Pension Protection Act of 2006, or PPA, the Pension Fund has adopted a *Funding Improvement Plan*, or FIP. The law requires that the Trustees revisit the FIP yearly in order to determine if adequate progress towards the goal of improving the Pension Fund's funded status is being made. When the yearly review indicates that additional changes to the plan of benefits would serve the goals of the FIP, the Trustees are required to determine whether to make any such changes. The law defines certain benefits as "adjustable" meaning that if changes are necessary, the changes should be made among the benefits provided by the plan that fall into the category of adjustable benefits. In order to continue to protect the financial stability of the Pension Fund now and in the future the Trustees were required to make difficult choices regarding the plan of benefits.

For those reasons the Board of Trustees has amended the Pension Plan document effective July 1, 2018. Below is a summary of the changes.

Changes to the Plan of Benefits Effective July 1, 2018

NOTE – The benefit changes described below affect only benefits that accrue due to Hours of Service that Participants earn on and after July 1, 2018. Benefits earned before that date are not affected by these changes. This is explained further below.

1. Change to Normal Retirement Age

The Plan's definition of Normal Retirement Age will be changed to 65. This amendment eliminates the prior Normal Retirement Age of 62 for benefits accrued on and after July 1, 2018.

2. Change to Early Retirement Reduction Factors

The reduction in benefits under the Early Retirement Benefit will be divided into up to four parts based on the period of time during which a participant accrued service towards the benefit and a distinct reduction factor will be applied to each period. This is because the Normal Retirement Age for benefits earned prior to the merger did not change. After the merger, Normal Retirement Age has been changed three times: prior to July 1, 2008 the Normal Retirement Age was 61; from July 1, 2008 through June 30, 2018 the Normal Retirement Age was 62; on and after July 1, 2018 the Normal Retirement Age will be 65. The early retirement reduction factor for the benefits earned on and after July 1, 2018 will be different if the participant is an active participant or an inactive deferred vested participant at the time of early retirement. The earliest age a participant can commence retirement benefits under the Plan is age 55. An ACTIVE participant is defined as a Participant that has not incurred a Break in Service (less than 160 hours in a Plan Year). An INACTIVE VESTED DEFERRED participant is defined as a former participant who has accrued five or more Years of Vesting Service under the Plan, or was fully or partially vested under a Predecessor Plan, and who incurred a Break in Service under this Plan prior to attaining Normal Retirement Age.

a. If ACTIVE at the time of early retirement

The early retirement reduction factors used to calculate the early retirement benefit for the benefits earned prior to July 1, 2018 will not change. The early retirement reduction factor for benefits earned on and after July 1, 2018 will not be changed for ACTIVE participants and will remain 0.7% per month for the first 48 months that the participant is under 62, and 0.5% per month thereafter.

b. If INACTIVE VESTED DEFERRED at the time of early retirement

Previously, the plan specified a separate set of early retirement reduction factors for use in determining the amount of the early monthly vested deferred pension benefit payable to former participants who attained the age of 55. The early retirement reduction factors used to calculate the vested deferred early retirement benefit for benefits earned prior to July 1, 2018 will not change. The early retirement reduction factor for benefits earned on and after July 1, 2018, will be changed to 0.7% per month for the first 48 months that the INACTIVE VESTED DEFERRED participant is under the age of 65, and 0.5% per month thereafter.

3. Disability Benefits

Under the Plan, disability benefits “convert” to regular retirement benefits when a disability-retired participant attains Normal Retirement Age. For participants who became totally and permanently disabled prior to July 1, 2018, their disability retirement benefit will convert to their retirement benefit no later than the Normal Retirement Age that was applicable at the time the participant first became disabled. For participants who first become totally and permanently disabled after July 1, 2018, the participant’s disability benefit will convert to the retirement benefit no later than the date the participant attains age 62.

Effects of These Changes

As noted above, the changes affect only benefits which you will earn on and after July 1, 2018. **Benefits that you have earned before that date will not be affected.**

ACTIVE PARTICIPANT EXAMPLE

Listed below is an example of how the Plan changes listed above will impact the benefits of a participant who worked under Local 388 in the past and who is ACTIVE and age 60 at Date of Retirement. The Plan currently has 3 different accrual periods and each accrual period has its own Normal Retirement Age. Because of this, when the participant retires at age 60 a piece of his benefit will be at Normal Retirement Date (A) and the remaining pieces (B and C) will be reduced for early retirement. After July 1, 2018, there will be a 4th accrual period (D) which will have an age 65 Normal Retirement Date. The D piece of the participant benefit will have an early retirement reduction because the participant is retiring prior to age 65.

The participant earned the following accrual:

	<u>Accrual Period</u>	<u>Normal Retirement Age</u>	<u>Accrued Benefit</u>
A	Prior to 7/1/2000	60	\$1,000.00
B	7/1/2000 to 6/30/2008	61	\$800.00
C	7/1/2008 to 6/30/2018	62	\$1,200.00
D	7/1/2018 & After	65	\$500.00
Total Accrued Benefit at Normal Retirement Date			\$3,500.00

Currently how the ACTIVE participant's benefit is calculated:

Date of Retirement: Age 60

	<u>Accrued Benefit</u>	<u>Early Factor</u>	<u>Normal Retirement Age</u>	<u>Benefit at Age</u> <u>60</u>
A	\$1,000.00	N/A	60	\$1,000.00
B	\$800.00	0.916	61	\$732.80
C	\$1,700.00	0.832	62	\$1,414.40
Benefit at Date of Retirement (Age 60)				\$3,147.20 (Single Life Annuity)

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Commencing July 1, 2018 the benefit for an ACTIVE participant will be calculated as follows:

Date of Retirement: Age 60

	<u>Accrued Benefit</u>	<u>Early Factor</u>	<u>Normal Retirement Age</u>	<u>Benefit at Age 60</u>
A	\$1,000.00	N/A	60	\$1,000.00
B	\$800.00	0.916	61	\$732.80
C	\$1,200.00	0.832	62	\$998.40
D	\$500.00	0.832	65	\$416.00
Benefit at Date of Retirement (Age 60)				\$3,147.20 (Single Life Annuity)

* Optional forms of benefit may be available.

The example above shows a participant at age 60 on date of retirement. If you retire at an early retirement age other than age 60, the early factors will vary from those shown above.

INACTIVE DEFERRED VESTED PARTICIPANT EXAMPLE

Listed below is an example of how the Plan changes listed above will impact the benefits of a participant who worked under Local 388 in the past and who is INACTIVE DEFERRED VESTED and age 60 at Date of Retirement. The Plan currently has 3 different accrual periods and each accrual period has its own Normal Retirement Age. Because of this, when the participant retires at age 60 a piece of his benefit will be at Normal Retirement Date (A) and the remaining pieces (B and C) will be reduced for early retirement. After July 1, 2018, there will be a 4th accrual period (D) which will have an age 65 Normal Retirement Date. The D piece of the participant benefit will have an early retirement reduction because the participant is retiring prior to age 65.

The participant earned the following accrual:

	<u>Accrual Period</u>	<u>Normal Retirement Age</u>	<u>Accrued Benefit</u>
A	Prior to 7/1/2000	60	\$1,000.00
B	7/1/2000 to 6/30/2008	61	\$800.00
C	7/1/2008 to 6/30/2018	62	\$1,200.00
D	7/1/2018 & After	65	\$500.00
Total Accrued Benefit at Normal Retirement Date			\$3,500.00

Currently how the INACTIVE DEFERRED VESTED participant's benefit is calculated:

Date of Retirement: Age 60

	<u>Accrued Benefit</u>	<u>Early Factor</u>	<u>Normal Retirement Age</u>	<u>Benefit at Age 60</u>
A	\$1,000.00	N/A	60	\$1,000.00
B	\$800.00	0.916	61	\$732.80
C	\$1,700.00	0.832	62	\$1,414.40
Benefit at Date of Retirement (Age 60)				\$3,147.20 (Single Life Annuity)

Commencing July 1, 2018 the benefit for an INACTIVE DEFERRED VESTED participant will be calculated as follows:

Date of Retirement: Age 60

	<u>Accrued Benefit</u>	<u>Early Factor</u>	<u>Normal Retirement Age</u>	<u>Benefit at Age 60</u>
A	\$1,000.00	N/A	60	\$1,000.00
B	\$800.00	0.916	61	\$732.80
C	\$1,200.00	0.832	62	\$998.40
D	\$500.00	0.604	65	\$302.00
			Benefit at Date of Retirement (Age 60)	\$3,033.20 (Single Life Annuity)

* Optional forms of benefit may be available.

The example above shows a participant at age 60 on date of retirement. If you retire at an early retirement age other than age 60, the early factors will vary from those shown above.

Please call the Plan Administrator at (517)321-7502 if you have questions about these changes. You may also write to the Plan Administrator at:

**TIC
6525 Centurion Drive
Lansing, MI 48917-9275**

Sincerely,

The Boards of Trustees of the Plumbers and Pipefitters Local No. 333 Pension Fund