

# QUESTIONS AND ANSWERS ABOUT THE RETIREMENT PLAN

## 1. How do I know if I am a Participant in the Retirement Plan?

You become a Participant in the Plan as soon as employer contributions on your behalf under a collective bargaining agreement between IBEW Local #617 and the San Mateo Chapter, National Electrical Contractors Association, Inc. are received by the Plan.

The Trustees are authorized to enter into reciprocity agreements with the Trustees of other qualified Plans upon terms mutually agreeable and lawful. Such agreements may allow the transfer of funds between other defined contribution pension plans in the Electrical Industry. The form and content of any such reciprocity agreement is at the discretion of the Board of Trustees. Be sure to check with the Fund office or the Local Union Office if you wish to transfer to or from another IBEW Plan.

You also may be a Participant in the Plan if you are a non-bargaining unit employee who has earned at least (5) benefit units under the Plan, and at least one half (1/2) of your total hours of service in the current or a prior Plan Year were worked as a bargaining unit employee. Your employer must have a subscription agreement with the Trust covering you and must contribute the specified contribution amount as determined by the Board of Trustees.

As a Participant, you will receive a quarterly statement from the Fund Office showing the actual employer contributions paid on your behalf for that quarter and the value of your Individual Account.

It is very important that you carefully review your statements and that you notify the Fund Office immediately if there is an error.

## 2. What is an Individual Account?

The term "Individual Account" describes how much money you would be entitled to receive from the Plan if you were entitled to a payout. Under the Plan you will have an Individual Account in your name and social security number (although the Plan's assets are pooled for investment purposes). Thus, the amount of your retirement benefits will depend upon the amount of future Employer contributions made on your behalf and the Plan's earnings, expenses and asset appreciation or depreciation. If an account becomes 100% vested, it will be non forfeitable, and you or your beneficiaries will be entitled to your Individual Account, subject only to adjustments for investment results and Plan expenses.

Your Individual Account is set up at the end of the first month in which any contributions are received on your behalf.

### 3. When is my Account vested?

You will be a vested Participant as soon as either (1) you have five (5) Years of Service, or (2) you reach your Normal Retirement Date. Your Normal Retirement Date is the *later* of the date you attain age 65, or, the fifth anniversary of the date you became a Participant in the Plan. A year will count as an anniversary only if you have earned at least 1000 Hours of Service (see Question 4) during the year. Your Individual Account could, however, reach a zero balance over time if you only work a few hours a year and your share of the Plan expenses exceeds the aggregate of the contributions paid on your behalf and your share of Plan earnings. Moreover, if an Individual Account has had no activity for two consecutive Plan Years, the account balance is \$100 or less, and the Plan is unable to locate you, the account will be terminated and the proceeds used to pay Plan expenses.

If you are a non-vested Participant and you incur a Permanent Break in Service, you will forfeit your Individual Account balance.

### 4. How are Hours of Service determined?

1. Hours worked under the collective bargaining agreement or subscription agreement for which contributions are required to be made to the Plan.
2. Hours worked for a contributing employer in a non-bargaining unit position, which immediately follow or precede employment with the same employer without any intervening quit, discharge or retirement. Such hours are determined for vesting purposes only.

### 5. How is Vesting credit earned?

After June 1, 1976, for vesting purposes you earn Years of Service in the following manner:

| <b>Hours of Service In a Plan Year</b> | <b>Vesting Service</b> |
|--|------------------------|
| 0-299                                  | 0                      |
| 300-399                                | 3/10                   |
| 400-499                                | 4/10                   |
| 500-599                                | 5/10                   |
| 600-699                                | 6/10                   |
| 700-799                                | 7/10                   |
| 800-899                                | 8/10                   |
| 900-999                                | 9/10                   |
| 1000 or more                           | 1 year                 |

Prior Plan rules govern your Vesting status prior to June 1, 1976.

## 6. What determines the amount of money in my Individual Account?

First, of course, is the amount of employer contributions that are paid on your behalf. The money, along with contributions in all other Individual Accounts, is invested in accordance with policies established by the Board of Trustees. Accordingly, any interest, dividends, or other earnings received are added to contributions; changes in the value your Individual investments also result in, increases or decreases in the value of the Account. From the accumulation is deducted a share of the expenses of operating the Retirement Fund. All of these factors taken together determine the amount of money in each Individual Account at any Valuation Date.

### **ALERT**

You should notify the Union and the Fund Office immediately if you are aware or suspect that your Employer has not contributed to the Plan on your behalf the full amount required under your collective bargaining agreement. If you fail to do so, your Individual Account may **not** be credited with the correct or full amount.

## 7. How is the money in my Individual Account invested?

The Board of Trustees selects different investment managers to manage your plan assets. There are two types of funds in which the contributions made on your behalf may be invested.

The first is a "Fixed-Income Fund" which is designed to invest in debt instruments, such as bonds and mortgages. Currently, this Fund has monies on deposit with rated insurance companies, mutual funds and in pooled mortgage investments. Fixed Income Fund investments vary depending upon their performance.

The second fund is an "Equity Fund", which consists primarily of stocks listed on the major exchanges. A portion is also invested in real estate. The investment results of the Equity Fund depend primarily on the dividends of the stock in which it is invested and the market fluctuations of those stocks. Moreover, the real estate portion will fluctuate with values in the real estate market and the income and expenses of such real estate investments.

If you are vested in your Individual Account, a form will be mailed to you prior to every quarter to which you may select one of these investment options for the contributions made on your behalf during the upcoming quarter. If you are vested, your account may be allocated for a given quarter in the following ways:

Plan A - Contributions will be split - 50% in Fixed-Income Fund and 50% in Equity Fund

Plan B - All contributions will be invested in the Fixed-Income Fund

Plan C - All Contributions will be invested in the Equity Fund

Plan D - 75% Fixed Income Fund 25% Equity Fund

Plan E - 75% Equity Fund 25% Fixed-Income Fund

If you are not vested, your individual account will invest in the Fixed Income fund.

## **8. Can I change my investment decisions?**

Your selection of an investment option may be changed to quarterly contributions for future only. However, once you are age 55 you will have a one-time election to transfer a portion or all monies previously accumulated in your Equity fund to your Fixed-Income Fund. Such a transfer will be effective as of the end of the month in which your request is received. Thereafter, all contributions will be allocated to your Fixed-Income Fund. The Trust now allows the transfer of old money twice a year for any active vested member up to twenty five percent between fixed to equity, or equity to fixed.

## **9. What is a Valuation Day?**

The value of each Individual Account was fixed as of May 31, 2002. Thereafter the value for each account will be fixed as of December 31 and each quarter thereafter (March 31, June 30, September 30). The value is fixed on this date by combing the following factors to determine the value of your account: employer contributions, investment income or losses, changes in the value of the Fund's investments, and the expenses of operating the Fund. Currently, the value of each individual account is also established monthly. The value of any account on any date between monthly valuation dates is its value on the next monthly valuation date.

## **10. When does my participation terminate?**

1. You incur a Permanent Break in Service on the last day of the Plan Year in which you have five consecutive One-Year Breaks in Service, or
2. You retire and take a total distribution from the Plan, or
3. You die.

## **11. How do I incur a Permanent Break in Service?**

If you are not yet vested, you incur a Permanent Break in Service on the last day of the Plan Year in which you have five consecutive One-Year Breaks in Service as defined in answer to the next Question.

## **12. What is a One-Year Break in Service?**

"One-Year Break in Service" occurs on the last day of any Plan Year during which you fail to earn at least 300 Hours of Service.

**-What happens when I have a Permanent Break in Service?**

When you have a Permanent Break in Service, all amounts in your Account are irrevocably forfeited. That means that you have no pension benefit with this Plan. Account forfeitures are used to pay administrative expenses and make up delinquent contributions. Excess forfeitures may be allocated to accounts of Participants who had 300 or more Hours of Service in the Plan Year.

### **-When can I receive the money in my Account?**

You can receive the money in your Account at any of the following times, provided you are vested in the Plan:

**1. At Normal Retirement:** If you have attained your Normal Retirement Date, age 65 or if later, the fifth anniversary of participation in the Plan, you are vested under the Plan and are eligible for retiring from the electrical industry.

**2. Early Retirement - When you stop working as an Electrician;** When you reach age 55, you may apply for payment of your Individual Account balance if you are no longer working as an electrician. For this purpose, you will be considered to be working as an electrician if you are employed or are working in the Electrical Construction Industry in California.

#### **Electrical Construction Industry Defined**

The term "Electrical Construction Industry" means all branches of the Electrical Industry. This includes working as a supervisor, estimator, salesman, consultant, or self-employed in any branch of the Electrical Construction Industry, or any other work involving any Electrical knowledge you have acquired as a Participant. Such work, known as Prohibited Employment, includes, but is not limited to (1) work in employment of the type performed by Employees covered by the Plan whether or not under a Collective Bargaining Agreement, also known as "Covered Employment"; (2) work which requires directly or indirectly the use of the same skills used by Employees covered by the Plan on the date the Pension became effective; (3) work in employment for compensation or wages of any kind or for profit in the Electrical Construction Industry; (4) work for profit as an owner or partner in any business directly or indirectly connected with the Electrical Construction Industry; (5) work where you supervise Employees in the same trade or craft or directly or indirectly use the same skills as Employees covered by the Plan on the date you retire.

**3. If you become Permanently Disabled:** Regardless of your age, if you are unable to continue work in the Electrical Construction Industry because of your permanent and total Disability, you may apply for the money in your Individual Account, whether or not you are vested. You are considered to have a permanent disability only if you are entitled to a Social Security Disability Benefit, which is effective during the time in or immediately following your work in *Covered Employment*.

The Board of Trustees may at any time require evidence of your continued disability under the preceding paragraph before paying continuing benefits.

**4. If you Die:** If you die prior to retirement, your Account will be distributed to your beneficiaries. If you die after retirement, benefits will be paid in accordance with the benefit option you selected when you retired.

**5. At Age 70-1/2:** Your Account must begin to be distributed to you by April 1 of the calendar year after you attain age 70-1/2, unless you elect to keep working in *Covered Employment*.

**Please note that except for death or disability, no distributions are allowed before you attain age 55.**

### **13. What is the exact amount of money I will get when I terminate my Individual Account?**

Due to the fluctuation in the yield on the Plan's investments and the uncertainty of future Employer contributions, the exact amount you will receive in the future when you desire a distribution of your Individual Account cannot be determined now. The amount you receive will be calculated as follows:

- The sum of all the contributions made on your behalf, plus
- All actual investment earnings credited to your Account, plus or minus
- Changes in the value of the Fund's investments, minus
- Your share of the expenses of operating the Fund.

A statement will be sent to you annually showing the balance of your Individual Account including the contributions, expenses and investment yield during the Plan Year.

### **14. Does the Plan have a Loan provision in it?**

Yes, it does. If you are an active vested participant and you have contributions made on your behalf for nine months out of the last twelve, you may qualify for a Plan loan.

### **15. If I default on a loan can I apply for another one?**

The plan does not allow a member to apply for another loan if you have defaulted on a previous loan.

### **16. What happens upon dissolution of marriage?**

If your marriage ends, you and your spouse may wish to divide your pension benefits as part of your marital property settlement. If your former spouse is to receive any part of your pension, you must obtain a court order which meets certain legal requirements. The Plan will

assist you and/or your legal counsel in preparing the necessary order. Details are available from the Fund Office.

**17. Why would a divorce affect my pension?**

In California, your pension benefits earned during marriage are considered community property.

**18. What is a Qualified Domestic Relations Order?**

A Qualified Domestic Relations order is a court order that you and your ex wife/husband need to obtain if one spouse is supposed to receive part of the other spouse's pension.

**19. What if I retire on an early retirement and decide I want to go back to work?**

If you retire on an early retirement and you decide you want to go back to work, you can however, you would be considered a new participant and any new contributions that may be paid in on your behalf would have to re vest under the current rules.

**20. I am thinking about retirement, where should I begin?**

You should apply 90 days prior to your planned requested retirement date. Contact the Fund Office or the Union Office to obtain a retirement application. You must complete the application in full and provide all of the required documentation.

Once the completed application is received by the Fund Office, it will be reviewed for completeness and then you will be forwarded a retirement packet and options for the type of retirement options available to you.