

The Steamfitters' Industry Fund Office

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SUMMARY OF MATERIAL MODIFICATION TO THE METAL TRADES BRANCH LOCAL 638 PENSION FUND

June 2016

To: Metal Trades Branch Local 638 Pension Fund Participants, plan beneficiaries and Alternate Payees under a Qualified Domestic Relations Order ("QDRO")

From: The Board of Trustees

The purpose of this notice is to inform you of a change made to the Metal Trades Branch Local 638 Pension Fund. The Trustees are pleased to announce a benefit improvement, which is an increase to the flat accrual rate from \$33 to \$43, effective for all Service for active Participants whose last hour of Covered Employment is on or after July 1, 2016 and who worked at least 450 Hours in Covered Employment in the plan year ending June 30, 2016 or at least 450 hours in any future plan year, in addition to the Plan's percentage of employer contributions provisions.

However, for those Participants who separate from Covered Employment (work less than 450 Hours of Service in each of two consecutive plan years), and then return to work and earn additional Future Service, their monthly benefit accrued before separation from Covered Employment is based on the accrual rate, both the flat accrual rate and the percentage of employer contribution rate(s), in effect at the beginning of the separation. The monthly amount of the benefit earned after returning to work is based on the accrual rate(s) in effect at the time the Participant again leaves Covered Employment. In other words, under this provision, the flat accrual rate of \$43 will be applied to the monthly amount of your accrued pension only to **Future Service** earned after your return to Covered Employment, provided you return to work and work at least 450 Hours in Covered Employment in the plan year ending on June 30, 2016, or at least 450 hours in any future plan year, and your last hour of Covered Employment was on or after July 1, 2016.

Based on these revisions, the Normal Retirement Benefit will be determined as follows:

- (a) The monthly accrued pension for any Participant whose last Hour of Covered Employment is prior to July 1, 2016 shall be determined in accordance with the Plan as in effect as of such date.

- (b) The monthly accrued pension for any Participant whose last Hour of Covered Employment is on or after July 1, 2016 and who worked at least 450 Hours in Covered Employment in the Plan Year ending June 30, 2016, or works at least 450 Hours in any Plan Year thereafter, shall be:
- (i) \$3.50 multiplied by the total years of credited Past Service; plus,
 - (ii) 3% of Creditable Employer Contributions, as defined below*, made on behalf of the Participant on or after July 1, 2008; plus
 - (iii) 3% of Total Accumulated Employer Contributions made on behalf of the Participant prior to July 1, 2008; plus
 - (iv) 3% of accumulated Employer contributions during the period July 1, 1965 to June 30, 1992, plus
 - (v) \$43.00 per month for each year of credited Future Service

*“Creditable Employer Contributions” are an amount equal to the Employer Contributions that would have been required to be contributed to the Plan based on the contribution rate in effect for the Participant’s Contributing Employer on June 30, 2008, or if less, the current contribution rate in effect for the Contributing Employer. Should a Participant change employment to another Contributing Employer after June 30, 2008, then “Creditable Employer Contributions” for the period that he works for that Contributing Employer shall be based on the contribution rate in effect for that Contributing Employer on June 30, 2008, or if less, the Contributing Employer’s current contribution rate.

Example 1. Joe works in Covered Employment from 1991 through 2020, including at least 450 hours in the Plan Year ended June 30, 2016, and retires at age 62 on January 1, 2021 with 30 years of Future Service. Employer contributions to the Fund on his behalf were:

Accumulated Employer Contributions 1/1/1991 – 6/30/1992	\$ 1,500.00
Total Accumulated Employer Contributions prior to 7/1/2008	66,400.00
Creditable Employer Contributions on or after 7/1/2008	<u>30,000.00</u>
Total Contributions for purposes of benefit calculation	\$97,900.00

Joe’s benefit is calculated as follows:

30 Years of Future Service X \$43.00 =	\$1,290.00
\$97,900.00 Contributions X 3% =	<u>2,937.00</u>
Joe’s Monthly Benefit =	\$4,227.00

Example 2. Pete also retires at age 62 with 30 years of Future Service on January 1, 2021. However, Pete worked in Covered Employment from 1987 through 2014, having earned 28 years of Future Service. He left Covered Employment for four years, from 2015 through 2018, but returned in 2019, including at least 450 hours in the Plan Year ended June 30, 2019 and earned an additional two years of Future Service. Employer contributions to the Fund on his behalf were:

Accumulated Employer Contributions 1/1/1987 – 6/30/1992	\$ 5,500.00
Total Accumulated Employer Contributions prior to 7/1/2008	69,200.00
Creditable Employer Contributions on or after 7/1/2008	<u>25,000.00</u>
Total Contributions for purposes of benefit calculation	\$99,700.00

Because Pete separated from Covered Employment from 2015 through 2018, the portion of his benefit based on Future Service Credit is calculated in two parts, as follows:

28 Years of Future Service X \$33.00 =	\$ 924.00
2 Years of Future Service X \$43.00 =	86.00
\$99,700.00 Contributions X 3% =	<u>2,991.00</u>
Pete’s Monthly Benefit =	\$4,001.00

This “Summary of Material Modification (“SMM”)” describes the changes regarding your pension plan benefits. Please keep this SMM with your copy of the Summary Plan Description for future reference. If you have lost or misplaced your copy of the SPD, you can contact the Fund Office for another copy.

If you have any questions about these changes, please contact the Fund Office at (212) 456-8888.

Trustees of The Metal Trades Branch Local 638 Pension Fund

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