

# Local 734 Welfare Fund / Pension Fund

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## LOCAL 734 PENSION PLAN

### Notice of Benefit Changes Effective September 2, 2019

The purpose of this Notice is to provide you with information regarding certain changes to the Local 734 Pension Plan (the "Plan") as required by federal law in accordance with Section 204(h) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

As you are aware from the Critical Status Notices that have been sent to you in previous years, the Plan has been certified by its actuary to be in "Critical Status" as defined by the Pension Protection Act of 2006 ("PPA") each year from May 1, 2010 through May 1, 2014 and in "Critical and Declining Status" each year since the plan year beginning on May 1, 2015. As a result of these certifications, in 2011 the Board of Trustees adopted a Rehabilitation Plan, as required by PPA. The Rehabilitation Plan was previously amended in 2014 and 2016. The Rehabilitation Plan is being amended again with certain changes in plan provisions effective September 2, 2019, as discussed in the remainder of this Notice.

The purpose of this Notice is to inform you of the changes in Plan benefits that are being made in order to comply with the Rehabilitation Plan. This notice is being provided in accordance with Section 432(e)(8)(c) and Section 4980F of the Internal Revenue Code of 1986, as amended, and Section 204(h) of the Employee Retirement Income Security Act of 1974, as amended.

In general, the following is a list of the changes taking place for participants whose benefits commence on or after September 2, 2019:

- **Participants are no longer eligible for a 30 and Out Pension;**
- **Participants are no longer eligible for a Regular Retirement Pension;**
- **Participants are no longer eligible for a Reduced Retirement Pension;**
- **Participants are no longer eligible for an Early Retirement Pension;**
- **Participants are no longer eligible for a Disability Benefit, unless they are already receiving a Disability Benefit or have made application for one prior to September 2, 2019; and**
- **The amount of benefits paid to a Participant will be determined by the Deferred Vested Pension formula. The amount of your pension will be equal to \$2,125 x 3% x your Years of Benefit Service (to a maximum of 33.33 years). So if you have earned at least 33.33 Years of Benefit Service when you retire or terminate employment, your monthly benefit will be \$2,125. This benefit is payable as of your Normal Retirement Age (age 65).**

- **If you elect to start your benefit before your Normal Retirement Age (age 65), then your benefit will be reduced 2/3 of 1% for each month for the first 60 months (8% per year), and 1/3 of 1% for each additional month (4% per year) that the commencement date precedes your Normal Retirement Age.**
- **Participants are no longer eligible to elect a Joint and Survivor Pension with a Pop-Up Feature or the Ten Year Certain and Life Pension optional payment forms.**

**EXAMPLES:**

**Example #1 (Normal Pension):** Suppose you retire on October 1, 2019 at age 65 with 28 Years of Benefit Service. Prior to the plan change, the benefit paid to you would be equal to \$2,125 per month. After the plan change, your benefit would be equal to \$1,785 per month ( $\$2,125 \times 3\% \times 28$  Years of Benefit Service).

**Example #2 (30 and Out Pension):** Suppose you retire on October 1, 2019 at age 62 with 34 Years of Benefit Service. Prior to the plan change, the benefit paid to you would be equal to \$2,125 per month. After the plan change, your benefit would be equal to \$1,615 per month ( $\$2,125 \times 3\% \times 33.33$  Years of Benefit Service  $\times$  76% early commencement reduction). Alternatively, you could wait until October 1, 2022 (age 65), and collect \$2,125 per month.

**Example #3 (Regular Retirement Pension):** Suppose you retire on October 1, 2019 at age 65 with 20 Years of Benefit Service. Prior to the plan change, the benefit paid to you would be equal to \$2,100 per month. After the plan change, your benefit would be equal to \$1,275 per month ( $\$2,125 \times 3\% \times 20$  Years of Benefit Service).

**Example #4 (Reduced Retirement Pension):** Suppose you retire on October 1, 2019 at age 65 with 15 Years of Benefit Service. Prior to the plan change, the benefit paid to you would be equal to \$1,575 per month ( $\$2,100 \times 15 \div 20$ ). After the plan change, your benefit would be equal to \$957 per month ( $\$2,125 \times 3\% \times 15$  Years of Benefit Service).

**Example #5 (Early Retirement Pension):** Suppose you retire on October 1, 2019 at age 55 with 20 Years of Benefit Service. Prior to the plan change, the benefit paid to you would be equal to \$840 per month ( $\$2,100 \times 40\%$  early commencement reduction). After the plan change, your benefit would be equal to \$510 per month ( $\$2,125 \times 3\% \times 20$  Years of Benefit Service  $\times$  40% early commencement reduction). Alternatively, you could wait until October 1, 2029 (age 65), and collect \$1,275 per month.

**Example #6 (Early Retirement Pension):** Suppose you retire on November 1, 2019 at age 60 with 15 Years of Benefit Service. Prior to the plan change, the benefit paid to you would be equal to \$1,103 per month ( $\$2,100 \times 15 \div 20 \times 70\%$  early commencement reduction). After the plan change, your benefit would be equal to \$574 per month ( $\$2,125 \times 3\% \times 15$  Years of Benefit Service  $\times$  60% early commencement reduction). Alternatively, you could wait until November 1, 2024 (age 65) and collect \$957 per month.

**Example #7 (Disability Pension):** Suppose you are age 45 with 20 years of Benefit Service as of October 1, 2019 and become disabled. Prior to the plan change, you would receive \$354 per month as a Disability Pension ( $\$2,100 \times 40\%$  early commencement reduction to from age 65 to age 55  $\times 42.04\%$  early commencement reduction from age 55 to age 45). After the plan change, you would not be eligible to receive a benefit until at least age 55. Your benefit at age 55 would be equal to \$510 per month ( $\$2,125 \times 3\% \times 20$  Years of Benefit Service  $\times 40\%$  early commencement reduction). Alternatively, you could wait until age 65 and collect \$1,275 per month.

**Example #8 (Future Benefits):** Suppose you are age 45 with 20 years of Benefit Service as of August 31, 2019. You continue to work for a contributing employer and earn another 10 years of Benefit Service. You retire at age 55 with 30 years of Benefit Service. Prior to the plan change, the benefit paid to you at age 55 would be equal to \$1,233 per month ( $\$2,125 \times 58\%$  early commencement reduction). After the plan change, your benefit would be equal to \$765 per month ( $\$2,125 \times 3\% \times 30$  Years of Benefit Service  $\times 40\%$  early commencement reduction). Alternatively, you could wait until age 65 and collect \$1,913 per month.

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#### **WHERE TO GET MORE INFORMATION**

If you have any questions about these changes, please contact the Fund Office at:

Local 734 Pension Plan  
6643 North Northwest Highway  
Chicago, IL 60631  
773-594-2810