

**SAN FRANCISCO ELECTRICAL WORKERS RETIREMENT SAVINGS PLAN  
NORTHERN CALIFORNIA ELECTRICAL WORKERS PENSION PLAN  
PENSION ENHANCEMENT OPTION  
Frequently Asked Questions**

Section III.E.4 of the Northern California Electrical Workers Pension Plan (the “Pension Plan”) allows Participants to transfer some or all of any balance they may have in the San Francisco Electrical Workers Retirement Savings Plan (the “Retirement Savings Plan”) as a “Pension Enhancement Option” for their normal or early pension. This document discusses that option.

**1. *What is the Pension Enhancement Option?*** It is an election that allows you, as a Pension Plan retiree, to transfer all or a portion of your Retirement Savings Plan account to the Pension Plan to increase your monthly Pension Plan benefit. A minimum of \$10,000 must be transferred. The maximum amount that may be transferred is the balance of your Retirement Savings Plan account, reduced by any portion of that balance that is attributable to a rollover from another plan. The amount transferred is, in effect, used to purchase additional lifetime monthly Pension Plan benefits that are equal in value to the transfer. Only lifetime single and joint annuity benefits can be purchased under the Pension Enhancement Option. Disability and pre-retirement survivor annuity benefits may not be enhanced under this option. However, if a lump sum death benefit is paid to your beneficiary under the Pension Plan, the benefit will include any amount you transferred as a pension enhancement, reduced by the amount of pension enhancements paid since you commenced your pension.

**2. *Why Might I Want to Elect the Pension Enhancement Option?*** Your Retirement Savings Plan balance is available to pay retirement benefits to you only until that balance is exhausted. The Pension Enhancement Option allows you to give up a portion of that balance in exchange for an additional monthly Pension Plan benefit. Some participants prefer the additional, and predictable, lifetime monthly benefit offered by the Pension Enhancement Option. Those who prefer to keep the Retirement Savings Plan money available for withdrawal should not elect this option. Attached is a chart showing monthly enhancement amounts at various retirement ages for transfers of between \$10,000 and \$100,000 depending upon whether benefits will be paid in the form of a single or joint life annuity. The joint life annuity rates are slightly higher than for the single life annuity because it assumes there will be no death benefits payable when benefits are paid over two lifetimes. The joint annuity table does not reflect the actuarial reduction that applies to the benefit based on joint life expectancy.

**3. *What Risks Apply to the Pension Enhancement Option?*** One risk is that the amount of pension enhancements ultimately paid to you and your surviving spouse (or other beneficiary) do not at least equal the amount you transfer from the Retirement Savings Plan, which may occur if you do not live sufficiently long after you begin your pension. The Pension Plan contains a death benefit option that reduces this risk, but it is still possible that, in hindsight, the election may not yield a favorable result. There is also the risk that the Pension Plan could become insolvent someday in the future. Though we think insolvency of the Pension Plan is very unlikely, it is possible, and the federal government generally will not guarantee payment of your full monthly benefit. Also, there is the risk that you could have invested the transferred amount at some very high rate of return that ends up being more valuable than the additional benefit that the pension enhancement purchased. There is a positive side since a pension enhancement election may work to your favor; for example, you may live a long time after you begin your pension (and thus receive many years of enhanced monthly payments), or you could incur poor investment returns on amounts you choose not to transfer, losing pension assets with no benefit increase.

**4. *When and How Is a Pension Enhancement Election Made?*** The election must be made while you are living, and within the 90-day period immediately after your actual (not retroactive) pension start date by submitting a completed election form to the Plan Office. The form reflects that the election is a type of rollover distribution available under the Retirement Savings Plan. You may elect a pension enhancement only once (no second election for additional transfers is available), and your election is irrevocable once your pension payments begin.

**5. *What are the Tax Consequences?*** Any Retirement Savings Plan amount that you transfer to the Pension Plan under the Pension Enhancement Option is a tax-free rollover distribution. The increase in your monthly Pension Plan benefit that results from the transfer is, of course, subject to state and federal income taxes along with the rest of your monthly Pension Plan benefits.

**6. *Are There Other Alternatives to the Pension Enhancement Option?*** Yes. In addition to keeping your Retirement Savings Plan balance on account in the Retirement Savings Plan (or rolling it over to an IRA), you may use that balance to purchase a commercial life annuity from an insurance company. An insured annuity is similar to the Pension Enhancement Option, but the insurance company instead of the Pension Plan would guarantee the payment of the benefit. Be aware that an insurance company will ordinarily impose fees and commissions on the purchase of a commercial annuity (the Pension Enhancement Option imposes no fees or commissions), and an insurance company will generally use different actuarial assumptions when it computes a monthly annuity payment.

**SAMPLE BENEFIT ENHANCEMENTS FOR TRANSFERS FROM THE SFEW RETIREMENT SAVINGS PLAN TO THE NCEW PENSION PLAN**

		Joint Lives* (assumes no death benefits)									
Age Nearest Birthday	Per \$1,000 Transfer	10,000.00	20,000.00	30,000.00	40,000.00	50,000.00	60,000.00	70,000.00	80,000.00	90,000.00	100,000.00
55	7.67	76.70	153.40	230.10	306.80	383.50	460.20	536.90	613.60	690.30	767.00
56	7.79	77.90	155.80	233.70	311.60	389.50	467.40	545.30	623.20	701.10	779.00
57	7.91	79.10	158.20	237.30	316.40	395.50	474.60	553.70	632.80	711.90	791.00
58	8.04	80.40	160.80	241.20	321.60	402.00	482.40	562.80	643.20	723.60	804.00
59	8.18	81.80	163.60	245.40	327.20	409.00	490.80	572.60	654.40	736.20	818.00
60	8.34	83.40	166.80	250.20	333.60	417.00	500.40	583.80	667.20	750.60	834.00
61	8.50	85.00	170.00	255.00	340.00	425.00	510.00	595.00	680.00	765.00	850.00
62	8.68	86.80	173.60	260.40	347.20	434.00	520.80	607.60	694.40	781.20	868.00
63	8.86	88.60	177.20	265.80	354.40	443.00	531.60	620.20	708.80	797.40	886.00
64	9.06	90.60	181.20	271.80	362.40	453.00	543.60	634.20	724.80	815.40	906.00
65	9.28	92.80	185.60	278.40	371.20	464.00	556.80	649.60	742.40	835.20	928.00
66	9.50	95.00	190.00	285.00	380.00	475.00	570.00	665.00	760.00	855.00	950.00
67	9.75	97.50	195.00	292.50	390.00	487.50	585.00	682.50	780.00	877.50	975.00
68	10.01	100.10	200.20	300.30	400.40	500.50	600.60	700.70	800.80	900.90	1,001.00
69	10.29	102.90	205.80	308.70	411.60	514.50	617.40	720.30	823.20	926.10	1,029.00
70	10.59	105.90	211.80	317.70	423.60	529.50	635.40	741.30	847.20	953.10	1,059.00

  

		Single Lives (assume possibility of death benefits)									
Age Nearest Birthday	Per \$1,000 Transfer	10,000.00	20,000.00	30,000.00	40,000.00	50,000.00	60,000.00	70,000.00	80,000.00	90,000.00	100,000.00
55	7.55	75.50	151.00	226.50	302.00	377.50	453.00	528.50	604.00	679.50	755.00
56	7.64	76.40	152.80	229.20	305.60	382.00	458.40	534.80	611.20	687.60	764.00
57	7.74	77.40	154.80	232.20	309.60	387.00	464.40	541.80	619.20	696.60	774.00
58	7.85	78.50	157.00	235.50	314.00	392.50	471.00	549.50	628.00	706.50	785.00
59	7.95	79.50	159.00	238.50	318.00	397.50	477.00	556.50	636.00	715.50	795.00
60	8.07	80.70	161.40	242.10	322.80	403.50	484.20	564.90	645.60	726.30	807.00
61	8.19	81.90	163.80	245.70	327.60	409.50	491.40	573.30	655.20	737.10	819.00
62	8.31	83.10	166.20	249.30	332.40	415.50	498.60	581.70	664.80	747.90	831.00
63	8.44	84.40	168.80	253.20	337.60	422.00	506.40	590.80	675.20	759.60	844.00
64	8.58	85.80	171.60	257.40	343.20	429.00	514.80	600.60	686.40	772.20	858.00
65	8.72	87.20	174.40	261.60	348.80	436.00	523.20	610.40	697.60	784.80	872.00
66	8.86	88.60	177.20	265.80	354.40	443.00	531.60	620.20	708.80	797.40	886.00
67	9.01	90.10	180.20	270.30	360.40	450.50	540.60	630.70	720.80	810.90	901.00
68	9.17	91.70	183.40	275.10	366.80	458.50	550.20	641.90	733.60	825.30	917.00
69	9.33	93.30	186.60	279.90	373.20	466.50	559.80	653.10	746.40	839.70	933.00
70	9.49	94.90	189.80	284.70	379.60	474.50	569.40	664.30	759.20	854.10	949.00

\*Note: Enhancement for Joint Lives will be reduced by the same actuarial factor that applies to the joint survivor benefit option selected under the Northern California Electrical Workers Pension Plan.

**SAMPLE BENEFIT ENHANCEMENTS FOR TRANSFERS FROM THE SFEW RETIREMENT SAVINGS PLAN TO THE NCEW PENSION PLAN**

		Joint Lives* (assumes no death benefits)									
Age Nearest Birthday	Per \$1,000 Transfer	110,000.00	120,000.00	130,000.00	140,000.00	150,000.00	160,000.00	170,000.00	180,000.00	190,000.00	200,000.00
55	7.67	843.70	920.40	997.10	1,073.80	1,150.50	1,227.20	1,303.90	1,380.60	1,457.30	1,534.00
56	7.79	856.90	934.80	1,012.70	1,090.60	1,168.50	1,246.40	1,324.30	1,402.20	1,480.10	1,558.00
57	7.91	870.10	949.20	1,028.30	1,107.40	1,186.50	1,265.60	1,344.70	1,423.80	1,502.90	1,582.00
58	8.04	884.40	964.80	1,045.20	1,125.60	1,206.00	1,286.40	1,366.80	1,447.20	1,527.60	1,608.00
59	8.18	899.80	981.60	1,063.40	1,145.20	1,227.00	1,308.80	1,390.60	1,472.40	1,554.20	1,636.00
60	8.34	917.40	1,000.80	1,084.20	1,167.60	1,251.00	1,334.40	1,417.80	1,501.20	1,584.60	1,668.00
61	8.50	935.00	1,020.00	1,105.00	1,190.00	1,275.00	1,360.00	1,445.00	1,530.00	1,615.00	1,700.00
62	8.68	954.80	1,041.60	1,128.40	1,215.20	1,302.00	1,388.80	1,475.60	1,562.40	1,649.20	1,736.00
63	8.86	974.60	1,063.20	1,151.80	1,240.40	1,329.00	1,417.60	1,506.20	1,594.80	1,683.40	1,772.00
64	9.06	996.60	1,087.20	1,177.80	1,268.40	1,359.00	1,449.60	1,540.20	1,630.80	1,721.40	1,812.00
65	9.28	1,020.80	1,113.60	1,206.40	1,299.20	1,392.00	1,484.80	1,577.60	1,670.40	1,763.20	1,856.00
66	9.50	1,045.00	1,140.00	1,235.00	1,330.00	1,425.00	1,520.00	1,615.00	1,710.00	1,805.00	1,900.00
67	9.75	1,072.50	1,170.00	1,267.50	1,365.00	1,462.50	1,560.00	1,657.50	1,755.00	1,852.50	1,950.00
68	10.01	1,101.10	1,201.20	1,301.30	1,401.40	1,501.50	1,601.60	1,701.70	1,801.80	1,901.90	2,002.00
69	10.29	1,131.90	1,234.80	1,337.70	1,440.60	1,543.50	1,646.40	1,749.30	1,852.20	1,955.10	2,058.00
70	10.59	1,164.90	1,270.80	1,376.70	1,482.60	1,588.50	1,694.40	1,800.30	1,906.20	2,012.10	2,118.00

  

		Single Lives (assume possibility of death benefits)									
Age Nearest Birthday	Per \$1,000 Transfer	110,000.00	120,000.00	130,000.00	140,000.00	150,000.00	160,000.00	170,000.00	180,000.00	190,000.00	200,000.00
55	7.55	830.50	906.00	981.50	1,057.00	1,132.50	1,208.00	1,283.50	1,359.00	1,434.50	1,510.00
56	7.64	840.40	916.80	993.20	1,069.60	1,146.00	1,222.40	1,298.80	1,375.20	1,451.60	1,528.00
57	7.74	851.40	928.80	1,006.20	1,083.60	1,161.00	1,238.40	1,315.80	1,393.20	1,470.60	1,548.00
58	7.85	863.50	942.00	1,020.50	1,099.00	1,177.50	1,256.00	1,334.50	1,413.00	1,491.50	1,570.00
59	7.95	874.50	954.00	1,033.50	1,113.00	1,192.50	1,272.00	1,351.50	1,431.00	1,510.50	1,590.00
60	8.07	887.70	968.40	1,049.10	1,129.80	1,210.50	1,291.20	1,371.90	1,452.60	1,533.30	1,614.00
61	8.19	900.90	982.80	1,064.70	1,146.60	1,228.50	1,310.40	1,392.30	1,474.20	1,556.10	1,638.00
62	8.31	914.10	997.20	1,080.30	1,163.40	1,246.50	1,329.60	1,412.70	1,495.80	1,578.90	1,662.00
63	8.44	928.40	1,012.80	1,097.20	1,181.60	1,266.00	1,350.40	1,434.80	1,519.20	1,603.60	1,688.00
64	8.58	943.80	1,029.60	1,115.40	1,201.20	1,287.00	1,372.80	1,458.60	1,544.40	1,630.20	1,716.00
65	8.72	959.20	1,046.40	1,133.60	1,220.80	1,308.00	1,395.20	1,482.40	1,569.60	1,656.80	1,744.00
66	8.86	974.60	1,063.20	1,151.80	1,240.40	1,329.00	1,417.60	1,506.20	1,594.80	1,683.40	1,772.00
67	9.01	991.10	1,081.20	1,171.30	1,261.40	1,351.50	1,441.60	1,531.70	1,621.80	1,711.90	1,802.00
68	9.17	1,008.70	1,100.40	1,192.10	1,283.80	1,375.50	1,467.20	1,558.90	1,650.60	1,742.30	1,834.00
69	9.33	1,026.30	1,119.60	1,212.90	1,306.20	1,399.50	1,492.80	1,586.10	1,679.40	1,772.70	1,866.00
70	9.49	1,043.90	1,138.80	1,233.70	1,328.60	1,423.50	1,518.40	1,613.30	1,708.20	1,803.10	1,898.00

\*Note: Enhancement for Joint Lives will be reduced by the same actuarial factor that applies to the joint survivor benefit option selected under the Northern California Electrical Workers Pension Plan.