

# NORTHERN CALIFORNIA ELECTRICAL WORKERS PENSION TRUST

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## Notice of Recent Change/Clarifications to Pension Plan March 2016

The Trustees of the Northern California Electrical Workers Pension Plan (“Plan”) have one change to the Plan, and two clarifications, to bring to your attention.

### **A. Change to Early Retirement “Rule of 85”**

The Plan provides for an unreduced early retirement pension if one of two sets of conditions are met. One set of conditions is called the “Rule of 85,” and requires that the Participant (i) retire after having attained age 55, (ii) have a combined age and years of Pension Credit equal to at least 85, (iii) earn at least 3,000 hours of Pension Credit after December 31, 1995, and (iv) earn at least 1,000 hours of Pension Credit in the three-year period that immediately precedes the Participant’s Pension Start Date.

Effective January 1, 2014, the requirement in clause (iv) above that the Participant earn at least 1,000 hours of Pension Credit in the three-year period that immediately precedes the Participant’s Pension Start Date no longer applies. Instead the Participant must earn at least 1,000 hours of Pension Credit in the three-year period that ends when the Participant first attains age 55 and earns sufficient Pension Credit so that it totals at least 85 when added to his or her age. The effect of this change is that once the 1,000 hour condition is satisfied, the Participant can delay early retirement without causing an eventual lapse of the 1,000 hour condition (for example, if the Participant delayed early retirement for at least three years after having satisfied the condition).

### **B. SPD Correction Regarding Participation**

The Plan’s summary plan description (SPD), at Section 3.1, incorrectly provides that an employee begins participation on the first day of the Plan Year that begins after the employee has earned 300 hours of Pension Credit, or 500 hours of Credited Service, in a twelve-month period. The correct rule is that an employee begins participation on the first day of the Plan Year that includes the last day of first twelve-month period during which the employee has earned 300 hours of Pension Credit or 500 hours of Credited Service.

### **C. Benefits Earned After Commencing an Early Pension**

Most Participants who elect early retirement do not return to Covered Employment after commencing an early pension. Some, however, do return to Covered Employment after commencing an early pension, and earn additional service that will increase the Participant’s monthly benefit. As clarification, and consistent with IRS regulations that were recently clarified, additional service earned after having commenced an early pension will be taken into account only when the Participant has attained the Normal Retirement Age of 65, and will then be subject to a new and separate benefit payment election. For example, if you begin an early pension at age 55, then return to Covered Employment for two years at ages 59 and 60, the monthly benefit you will receive when you restart your early pension when you again cease working at age 60 will not include the additional benefit you earned for the two additional years of Pension Credit. That additional benefit will increase your monthly pension only once you have attained age 65.

### **Where to Get More Information**

If you have any questions or concerns after reviewing this notice, please contact Judith Fisher at EISB, Inc., 720 Market Street, Suite 700, San Francisco, CA 94102, Tel: 415-263-3670.