

CONNECTICUT PLUMBERS AND PIPEFITTERS PENSION FUND

**1155 Silas Deane Highway
Wethersfield, CT 06109**

Married Participant Explanation

Relative Value of Benefit Payment Options

For the Connecticut Plumbers & Pipefitters Pension Fund

IRS regulations require plans such as ours to give retiring participants a comparison of the relative values of the benefit payment options generally available under the Plan. The aim is to help you make an informed choice about the form in which you receive your retirement benefits. “Relative value” means the actuarial present value of each optional form of payment relative to the value of the Qualified Joint and Survivor Annuity (QJSA) (*i.e.*, the 50% Husband and Wife / Five-Year Certain Pension).

In our case, the benefit payment options that the Connecticut Plumbers and Pipefitters Pension Plan makes generally available to its retiring participants have approximately the same actuarial value, for a participant who is the same age as his or her spouse and who is retiring at ages 55, 60 and 65. This is also true for disabled pensioners, retiring at ages 45, 50, 55 and 60. This conclusion is based on the valuation and reporting methodologies described in the IRS regulation, which can be found at Treas. Reg. section 1.417(a)(3)-1. Upon your written request, we will give you a similar comparison based on your own age and estimated benefits, and on any other payment forms for which you are eligible.

As noted, the relative values are based on comparing the actuarial values of the benefit payment options to the actuarial value of the QJSA pension. Actuarial values of pension benefits are determined using mortality and interest assumptions. Mortality assumptions are based on standardized tables developed by actuarial organizations and life insurance companies, which analyze information about large groups of people to project the rates at which groups of individuals at different ages are expected to die. These statistical mortality projections are used to develop “average life expectancies”. The interest assumption is an estimate of the likely investment earnings, over time, on the money put aside to pay the benefits. This is relevant in the determination of actuarial value because investment earnings will provide some of the funds to pay the benefits.

Here the values were calculated, for comparison purposes, assuming the funds would earn 7.0% interest and that, on average, participants would live as long as predicted under the 1971 Group Annuity Table (set back 7 years for spouses). For disabled retirees, the values were calculated assuming the participant would live as long as predicted by the 1965 RRB All Disabled Ultimate Mortality Table.

It is important that you realize that this is not a guarantee or even a prediction of what you will actually receive after you retire. You should not rely upon it as if it were. The actual value of a stream of annuity payments for any individual, and its comparison to the values of different payment forms, will vary depending on how long the individual and spouse or beneficiary in fact live and on their ages when payments start. This is not the only information you should take into account when choosing your payment form for retirement. Other factors you might want to take into account in deciding how much a particular payment option is worth to you personally, in comparison to the other forms in which your pension can be paid, include your health, your other sources of retirement income, the resources available to your spouse or family after you die, availability of life insurance, etc. You may want to consult a financial advisor when you make this important decision.

To obtain an individual relative values estimate, please send a written request to Ms. Caroline A. Malatesta, Retirement Plans Coordinator, Connecticut Plumbers & Pipefitters Pension Fund, 1155 Silas Deane Highway, Wethersfield, CT 06109-4318.

Impact of Delaying Your Retirement Date

Regulations require the Pension Fund to inform you of the possible advantage of waiting to collect your retirement benefit. Please note that the information which follows is based on the presumptions that: there will not be any changes in the Plan provisions; you do not earn any additional Pension Credit under the Plan; and there will not be any change in the benefit accrual rate applicable to the calculation of your benefit. We have described below the adjustment, if any, to your retirement benefit should you elect a later retirement date:

SERVICE PENSION

If you have accrued thirty (30) or more “hard” Pension Credits, you qualify for a Service Pension at any age. If you have accumulated thirty (30) or more “soft” Pension Credits, you qualify for a Service Pension after attaining age 55. The difference between “hard” and “soft” Pension Credits is that “soft” Pension Credits include Supplemental Pension Credits that the Plan provided for the calendar years 1985 through 2003 for hours recognized by the Plan in excess of 1,700 in a year up to a maximum 2,000 hours granting and additional one-twelfth (1/12) of a Pension Credit each 100 hours in excess of 1,700 in a calendar year. In addition, for a previous member of Local No. 84, Pension Credits prior to January 1, 1995, are recognized under the terms of that prior Plan. Should you cease working, there is no increase or decrease in your accrued benefit should you retire at an age less than age 65 or wait until you attain age 65. If, however, you have accrued less than thirty-five (35) Pension Credits, should you continue to work in Covered Employment and continue to accrue additional Pension Credit, your retirement benefit would increase based on the additional Pension Credit you earn. If you have accrued thirty-five or more Pension Credits, you have accrued the maximum Pension Credits recognized under the Plan for benefit calculations, and delaying your retirement up until age 65 (Normal Retirement Age) will not increase the benefit currently payable.

EARLY RETIREMENT PENSION

If you elect to retire on an Early Retirement Pension, payable if you are at least age 55, and have accrued at least ten (10) Pension Credits, your Regular Pension payable at age 65 will be reduced to recognize the anticipated greater number of months’ retirement benefits are expected to be pay over your life expectancy. For Pension Credits accrued prior to

January 1, 1995, your accrued benefit is reduced by one-quarter of one percent (.0025) for each month the effective date of your retirement (annuity starting date) is before age 65 between age 60 and age 65, plus one-half of one percent (.005) for each month your retirement date is between age 55 and age 60. For Pension Credits accrued after January 1, 1995, your accrued benefit is reduced by one-half of one percent (.005) for each month your retirement date precedes age 65. Different adjustment factors apply if the last time you earned Pension Credit under the Plan was prior to 1981. In addition, Local No. 84 Participants may have different rules applied to them for periods prior to January 1, 1995, consistent with the rules and regulations of that Plan. If you delay your retirement to age 65 (Normal Retirement Date), your monthly pension would not be reduced because of your age.

Example: A Participant (other than a previous Local No. 84 member) with 25 Pension 12 Credits Pension earned after January 1, 1995 at the \$52 benefit accrual rate and 13 Pension Credits earned prior to January 1, 1995, at a \$56 benefit accrual rate.

- *12 Pension Credits x \$52 = \$624 plus 13 Pension Credits x \$56 = \$728 combined together = Normal Retirement Benefit of \$1,352.00 payable at Normal Retirement Age (age 65).*

Assuming this Participant wishes to retire at age 58, his monthly retirement benefit would be reduced for 60 months (from age 65 to age 60) by .0025 per month or 3% per year for a reduction of 15% plus a reduction of .005 per month for each month prior to age 60, (in this example 24 months) for an additional 12% reduction producing a total early retirement reduction factor of 27% for Pension Credit earned prior to 1995.

- *For Pension Credit earned prior to January 1, 1995 this portion of the calculation in this example is $\$728 \times 27\% = \196.56 , which is subtracted from the Regular Pension.*

*In addition, the 12 Pension Credits accrued **after** January 1, 1995, are reduced by .005 for each month the Participant's retirement date is prior to age 65.*

- *The 84 months prior to age 65 x .005 produces a reduction factor of 42% applied to the accrued service after January 1, 1995, of \$624 = \$262.08.*

Combining the two pieces of the calculation, the Regular Pension of \$1,352.00 is reduced by \$196.56 for service prior to January 1, 1995, and by \$262.08 for service after this date to recognize paying pension benefits for an additional 84 months prior to Normal Retirement Age (age 65). As illustrated in this example, the Early Retirement Pension payable at age 58 is \$893.36, rounded to \$893.50. This amount is payable in the form of a Ten-Year Certain and Life Benefit and would be further adjusted for benefits paid in the form of a Joint and Survivor Benefit.

Please refer to pages 6-3 and 6-4 of your Summary Plan Description for a further explanation of the above adjustment for an Early Retirement Pension.

DELAYED RETIREMENT

If you earned one (1) hour of service under this Plan after April 1, 1989, and elect to defer your retirement date after attaining age 65, and if you do not work in the pipefitting industry for more than 40 hours in a month, you are entitled to a delayed retirement adjustment of 1% per month increase for each such month of the deferral of your retirement past your Normal Retirement Age up to 60 months (1.5% for each month after 60 months). This adjustment is not granted for any month the individual works for more than 40 hours in "disqualifying employment." You can work in Covered Employment after attaining age 65 and continue to accrue Pension Credit, subject to the maximum Pension Credit provisions of the Plan. In addition, the Plan has a temporary permissible employment provision if approved by the Local and Board of Trustees that will not adversely impact a pensioner's retirement benefit. This must be approved in advance of any such work activity.

Please refer to page 6-2 of your Summary Plan Description for a further explanation of the above adjustment for delayed retirement.

Also, refer to pages 11-1 and 11-2 of your Summary Plan Description for the definition of "disqualifying employment."

MANDATORY RETIREMENT DATE

Regulations require Participants to begin collecting retirement benefits they are entitled to effective as of the April 1st following the calendar year they attain age 70 and six months. Participants, however, must complete the necessary paperwork to receive retirement benefits from the Plan. Once you attain this age, you may begin collecting retirement benefits from this Plan and you may continue to work as a laborer.

Please refer to page 12-1 of your Summary Plan Description for a further explanation of the required distribution provisions.

PLEASE REFER TO THE SUMMARY PLAN DESCRIPTION FOR AN EXPLANATION OF THE BENEFITS, ADMINISTRATIVE STEPS REQUIRED TO RETIRE AND "DISQUALIFYING EMPLOYMENT" PROVISIONS.