

New Orleans Employers - International Longshoremen's Association, AFL-CIO Pension Plan ("Plan")

NOTICE OF PRERETIREMENT SURVIVOR ANNUITY AND PRERETIREMENT DEATH BENEFIT

TO: PLAN PARTICIPANTS

Preretirement Survivor Annuity For Married Participants Only:

The *preretirement survivor annuity* provides a minimum benefit under the Plan for your *qualified spouse* if you are vested and die before payment of your pension benefit begins, and you are survived by a *qualified spouse*. A *qualified spouse* is someone who is legally married to you at your death and has been married to you for at least one year. If you die before satisfying the one year marriage requirement, your spouse is not "qualified" and will not receive a *preretirement survivor annuity*. A *qualified spouse* may also include a former spouse who was married to you for at least one year and has a Qualified Domestic Relations Order (a special court order) that requires the Plan to treat the former spouse as a *qualified spouse*.

Federal law requires the Plan to provide a *preretirement survivor annuity* as described below unless you and your spouse waive the right to receive it. You need to read this Section of the Notice only if you are married or become married, and you want any preretirement death benefit payable under the Plan to be the 10 Year Certain (as described below) instead of the *preretirement survivor annuity*. If you are not vested at death, no death benefit is payable.

In order for the 10 Year Certain to be your preretirement death benefit, you must waive the *preretirement survivor annuity* and your spouse must voluntarily consent to give up the right to receive it. Your waiver and your spouse's consent must be done in accordance with the requirements described later in this Notice. If you are in pay status when you die, no preretirement death benefit will be payable under the Plan. Instead, the form in which your pension benefit is being paid will determine if a benefit is payable after your death.

The *preretirement survivor annuity* provides equal monthly benefits to your surviving *qualified spouse* for life. The amount of the monthly survivor benefit will depend on your accrued benefit at death, your spouse's age when payment begins, and calculation of the QJSA (subject to a minimum monthly survivor benefit of \$104). Calculation of the QJSA is as follows:

- (1) If you are an *active employee*, the QJSA that would have been payable had you lived is calculated **without** an actuarial reduction for the cost of the survivor benefit (i.e., it is subsidized); and
- (2) If you **are not** an *active employee* (for deaths after October 1, 2009), the QJSA that would have been payable had you lived is calculated **with an actuarial reduction** for the cost of the survivor benefit, using the actuarial assumptions and factors under the Plan and the ages of you and your surviving spouse.

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You are an *active employee* if you are employed in the industry at death, or credited with a qualified year of employment for the plan year in which you die or the prior plan year.

The *preretirement survivor annuity* is calculated and payable as follows (if more than one provision applies, your surviving spouse may choose from the available options):

- (1) If, at death, you qualify for a pension benefit (other than a disability pension) and could be in pay status but are not, it is calculated as if you had retired with a 50% Qualified Joint & Survivor Annuity (“QJSA”) on the day before your death. Payment may begin with the 1st day of the month after your death;
- (2) If, at death, you qualify for a pension benefit (other than a disability pension) but have not yet reached the earliest date on which you could be in pay status, it is calculated as if you had terminated employment in the industry on the day before your death (or your actual termination date if earlier), retired on the earliest possible date with a QJSA, and died the next day. Payment may begin at the earliest possible date on which you could have been in pay status;
- (3) If you die before age 51 and have 15-29 years of creditable employment for an average of at least 800 hours of employment per year, it is calculated as if you had retired with a QJSA on the day before your death (or the day you terminated employment in the industry, if earlier), and is actuarially reduced for the number of months by which your age at death precedes *Normal Retirement Age* (“NRA”)*. Payment may begin immediately; and
- (4) If, (i) you die (not by reason of criminal activity, habitual drunkenness, self-inflicted injury, narcotic addiction or military service as permitted by law) before *NRA*, and have 15 or more consecutive years of creditable employment for an average of at least 800 hours of employment per year, and (ii) you are employed in the industry or have earned a year of creditable employment for the plan year in which you die or for the immediately preceding plan year, it is calculated as if you had retired with a Disability Pension in the form of a QJSA on the day before your death. Payment may begin immediately.

These provisions describe the earliest date on which payment may begin; however, your surviving spouse must consent for payment to begin before you would have reached *NRA**. If your surviving spouse does not consent, s/he will be treated as having elected to postpone payment until you would have reached *NRA*, and the *preretirement survivor annuity* will be 50% of what your monthly benefit would have been if you had survived and retired with a *QJSA* at such later date.

* *NRA* means age 62 if you are employed in the industry on or after August 1, 1986; if you are not, it means age 65.

Example of Preretirement Survivor Annuity: Assume you are vested, you die after reaching the earliest retirement age under the Plan but before beginning payment of your pension benefit, and you are employed in the industry at death. Since you are an *active employee* at death, the QJSA is subsidized (i.e., there is no reduction for the survivor benefit). If your lifetime monthly benefit would have been \$400 at your date of death with a \$200 monthly survivor benefit for your surviving *qualified spouse*, the *preretirement survivor annuity* will be the \$200 monthly survivor benefit payable to your surviving *qualified spouse* for life, beginning with the first month after your death.

Financial Effect of Preretirement Survivor Annuity:

The *preretirement survivor annuity* provides lifetime income to your surviving *qualified spouse*, with no further benefits payable after the spouse's death. The actual value of payments made will depend upon your surviving spouse's longevity. For a spouse who lives longer than his or her life expectancy, the total payments made to the surviving spouse will be greater than expected. For a spouse who dies sooner than his or her life expectancy, the total payments made to the surviving spouse will be less than expected. A decision to have a *preretirement survivor annuity* or 10 Year Certain payable as your preretirement death benefit will have no financial effect upon your normal retirement benefit payable under the Plan if you do not die before payment of your pension begins.

10 Year Certain As Preretirement Death Benefit For Married And Single Participants:

The Plan also provides a preretirement death benefit known as the "10 Year Certain". It is payable if you earn at least 500 hours of employment in a plan year beginning on or after October 1, 2001, and are vested but not in pay status at death. It provides 120 equal monthly payments to your surviving *beneficiary*. The monthly payment is the amount that would have been payable to you had you retired immediately before death with a 10 Year Certain and Life Annuity form of retirement benefit, and died before receiving payment.

Payment may begin as early as the first month for which you could have begun to receive payment had you lived. It may also begin as early as the first month after your death if you have earned at least 15 consecutive years of creditable employment with an average of at least 800 hours of employment per year. Consent is required for payment to begin before you would have reached *NRA* had you lived. See your Summary Plan Description ("SPD") for a discussion of the "incidental pre-retirement death benefit limit" that could affect the amount payable.

If you are single or not survived by a *qualified spouse* at death, the 10 Year Certain is the only form of preretirement death benefit payable. It will be paid to your surviving *beneficiary*. You may designate your *beneficiary* by completing the Plan's *beneficiary* designation form and returning it to the Plan as instructed. If the Plan does not have a *beneficiary* designation on file for you or if your designated *beneficiary* does not survive you, your *beneficiary* will be determined in accordance with the Plan's *beneficiary* presumptions (see your SPD for a description of those provisions).

If you are survived by a *qualified spouse* at death (before retirement), the 10 Year Certain is payable as the preretirement death benefit only if the Plan has your valid waiver of the

preretirement survivor annuity and your spouse's valid consent. The waiver and consent must all be done on the Plan's forms and in accordance with the requirements described below. The waiver form includes a section to name your *beneficiary* for the 10 Year Certain. If you name a *beneficiary* other than your spouse, your spouse must consent to the persons you have named; otherwise, the 10 Year Certain (if payable) will be paid to your surviving *qualified spouse*. If the Plan does not have a valid waiver and consent, the *preretirement survivor annuity* will be your preretirement death benefit.

Example of 10 Year Certain: Assume you are married and vested, and the Plan has the necessary forms signed by you and your spouse to elect the 10 Year Certain and name your child as the *beneficiary*. If you die before *NRA* and beginning payment of your pension benefit for which you are eligible, your child, if surviving, will receive 120 monthly payments. Each payment will be the amount you would have received as a monthly retirement benefit had you retired and elected a 10 Year Certain and Life Annuity. Payment will begin as early as the first month after your death and end after the 120th payment is made. No benefits will be payable to your spouse.

\$5,000 Special Cash-out Rule:

Under a special rule, the Plan may cash-out a death benefit in a single lump sum payment if its present value is not greater than \$5,000 (see your SPD for more detailed information).

Requirements for Valid Waiver and Consent For Married Participants:

The following requirements must be satisfied to have a valid waiver of the *preretirement survivor annuity*: (1) you must receive a copy of this Notice; (2) you must complete and sign the Plan's Waiver Of Preretirement Survivor Annuity And Designation Of Beneficiary For 10 Year Certain Preretirement Death Benefit For Married Participant ("Waiver Form") within the *election period*; (3) your spouse must voluntarily consent to your waiver by completing and signing the Plan's "Consent Of Participant's Spouse" ("Consent Form") during the *election period*, and the spouse's signature must be witnessed by a notary public or Plan representative; and (4) the completed forms must be returned to the Plan as instructed. It is the spouse's personal decision whether to give up the right to the *preretirement survivor annuity*. Once a spouse gives consent, it is irrevocable.

The effect of waiving the *preretirement survivor annuity* is to have the 10 Year Certain as your preretirement death benefit. There is a section on the Waiver Form where you can designate a *beneficiary* to receive the death benefit payable under the 10 Year Certain. If you name someone other than your spouse as your *beneficiary*, your spouse must also consent to the person or persons you name. Otherwise, by default your *beneficiary* will be your *qualified spouse*.

The *election period* begins on the first day of the plan year in which you reach age 35 or, if later, the date you receive this Notice, and it ends at your death. You may waive the *preretirement survivor annuity* before the beginning of the *election period* (if you have received this Notice); however, your waiver will become null and void as of the first day of the *election period*, and you will have to complete a new waiver with your spouse's consent. If you terminate employment in the industry before the *election period* begins, you may waive the *preretirement*

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survivor annuity at any time after such termination (if you have received this Notice). However, if you are not yet age 35 and later return to employment in the industry, you and your spouse must complete another waiver and consent for any benefits accrued after your return.

During the *election period*, you may revoke your waiver (including the *beneficiary* designation) and make a new one as often as you wish. Your spouse does not have to consent if the result is to restore payment of the *preretirement survivor annuity* to the spouse. Otherwise, there must be a new valid Waiver Form and Consent Form. A spousal consent is valid only for the spouse who makes it. You should inform the Administrative Manager of any change in marital status. A new spouse will have new rights to the *preretirement survivor annuity*.

Summary of What You Need To Do:

Married Participants: If you want the *preretirement survivor annuity* to be your preretirement death benefit, NO ACTION IS REQUIRED. If instead you want the *10 Year Certain* to be your preretirement death benefit, you and your spouse must complete and sign the Plan's Waiver Form and Consent Form as described under "**Requirements for Valid Waiver and Consent**", and return them to the Administrative Manager.

Single Participants: If you want to designate your *beneficiary* for the *10 Year Certain* if it becomes payable as a preretirement death benefit, you must complete the Plan's *beneficiary* designation form and return it to the Administrative Manager. Otherwise, your beneficiary will be determined under the Plan's *beneficiary* presumptions.

Please return completed forms or direct any questions to the Plan's Administrative Manager at:

Administrative Manager
New Orleans Employers - ILA Pension Fund
721 Richard Street, Suite B
New Orleans, LA 70130-4505
(504) 525-0309