

# Resource

The ABC-NABET Retirement Trust Plan Newsletter

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## Plan formula gets a temporary boost!

*While it seems we hear more and more about the troubles facing today's pension plans, we have some good news to report.*

This past June, within the terms of the collective bargaining agreement, our plan actuaries reviewed the overall financial health of the Retirement Plan. The actuarial review — which was based on a pre-determined set of criteria established by the Company and the Union — included a comparison of the current assets and future contributions to the liabilities. Based on the positive results of the actuarial review, the Company and the Union have agreed to boost the benefit formula (the rate used to calculate your benefit) **for active participants to 1.68%** (from 0.65%) **for the three year period 2004 – 2006**. As of 2007, the rate will go back to 0.65%.

To be eligible for the 1.68% rate, **you must have been an active ABC, Inc. employee on June 30, 2006** (or received service credit under the Retirement Plan while on a leave of absence or layoff as of that date). With specific exceptions, the increase does not apply if you terminated or retired before June 30, 2006.

For more information, contact the administrator at (215) 483-6000.

## Over my dead body!

### *Taking steps to protect your survivors*

Our pension plan may help to protect your survivors by paying important benefits after your death. You don't want to spend much of your time thinking about this stuff. We know that. But there are two simple steps you should take to make sure this money gets into the right hands:

1. Follow the rules for choosing your pension beneficiaries (see next page), and
2. Keep your beneficiary information up-to-date.

This may sound like a tall order, but it shouldn't take much time – and it's the best thing you can do to look out for those you care about.

*To be eligible for the temporary rate increase, you generally must have been an active ABC, Inc. employee on June 30, 2006 (or received service credit under the Retirement Plan while on a leave of absence or layoff as of that date).*

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*If you're receiving a joint and survivor annuity — with your spouse as beneficiary — and your spouse dies before you, your benefit will automatically be adjusted to the amount you would have received under a single life annuity. This is called a "pop-up" benefit. If you have a non-spouse beneficiary, the pop-up benefit does not apply.*

*If you're receiving a joint and survivor annuity and you get a divorce, your spouse still qualifies for the death benefit unless a Qualified Domestic Relations Order overrides this right (see "Parting ways" for more information).*

## Playing by the rules

### **If you have a spouse:**

If you die **before** retirement, no one other than your spouse is entitled to the death benefit. Your spouse will automatically receive 75% of the monthly benefit you have earned — and would have received under the 75% joint and survivor annuity option — usually starting at your earliest retirement date (a different commencement date applies to same-sex spouses). However, if you were not an active plan participant on or after December 1, 1999, your spouse will receive a 50% survivor pension. You must be "vested" (have at least five years of service) before any pension benefits are paid from the plan.

*You are "vested" after 5 years of service. This means you (or your survivor) have a right to your accrued benefit at retirement even if you terminate service or die before you're eligible to retire.*

If you die **after** retirement, your spouse still has a legal right to a survivor's pension, but you can name someone else as your beneficiary, or select a different form of payment, before your pension begins (see the bulleted list of pension options below). To do this, your spouse — who is recognized as such under federal law; *i.e.*, an *opposite-sex spouse* — must provide written consent waiving his or her right to the benefit. This is not a step to be taken lightly, and you should each consider seeking independent legal advice before signing anything. The waiver is valid only if it is notarized and filed with the fund office before you submit your application for retirement. Written consent is not required by a same-sex spouse.

### **If you have no spouse:**

If you don't have a spouse, and you die **before** retirement, no death benefits will be paid from the plan.

If you die **after** you start collecting your retirement benefits, the person or persons you named as your beneficiary(ies) may receive a survivor pension — depending on which one of the following payment options you select:

- **Life annuity with ten-year guarantee** – your pension is paid for your lifetime, but if you die within 10 years of your retirement date, your beneficiary continues to receive pension payments until the end of the 10-year period;
- **Joint and survivor annuity** – your pension is reduced to help pay for your survivor's share (either 50%, 66-2/3%, 75% or 100%). The exact amount of the reduction depends on your age and your beneficiary's age – the greater the difference in your ages, the bigger the reduction;
- **Single life annuity** – your pension is paid for your lifetime. When you die, your pension stops, and no death benefit is paid;
- **Social Security level payments** – this option is only available if you retire before you start receiving Social Security. You receive an increased ABC-NABET pension before Social Security payments begin, and a reduced ABC-NABET pension after they start. As a result, you can maintain a level retirement income for life, consisting of the combined payments from this plan and from Social Security. When you die, your pension stops, and no death benefit is paid.



# ABC-NABET

## Against your will

What happens if the beneficiary you name in your will conflicts with the beneficiary you name on your retirement application form? The beneficiary(ies) on record with the fund office will rule. In the unlikely event you fail to name a beneficiary when you select your form of pension, or your beneficiary dies before you and you have not named an alternate beneficiary, the death benefit will be paid to your estate – even if a beneficiary is named in your will.

## Checking in with the Administrator

When you're in the middle of a change in family or marital status, keeping the Administrator informed may not be your top priority. But those you care about could miss out if you don't keep your beneficiary appointments up to date (especially in the case of a change in spouses). Also, survivors can be very difficult to track down if names and addresses aren't current.

## *Who is your spouse?*

*Your “spouse” is the person to whom you are legally married for at least one year prior to your retirement or death (whichever occurs first).*

*A same-sex partner is treated as your spouse as long as he or she is legally married to you in the state or other jurisdiction where the marriage occurred.*

## Parting ways

### *Who gets what if you and your spouse split up?*

Chances are you or someone you know has gone through a divorce. Depending on the circumstances, a divorced couple will usually split their family assets 50/50, and there may be ongoing payments like child support or alimony.

One thing many people forget is that their pension is considered a family asset. This means that any pension you earn while you and your spouse are legally married may have to be divided based on a Qualified Domestic Relations Order (“QDRO”).

A QDRO (pronounced Quad-row or Cue-dro) is a judgment, decree or separate court order that relates to the division of marital property, or the payment of child support or alimony. The judgment, decree or order must meet certain requirements under federal law. If the judgment does not contain the necessary provisions to satisfy these specific requirements, it is not a QDRO.

A QDRO is required by the plan because federal pension law normally prohibits a retirement plan from assigning benefits to anyone other than plan members (except on death). A QDRO overrides the assignment rule by allowing the plan to pay benefits to an ex-spouse or other dependant.

### **How and how much?**

How much your ex-spouse, child or other dependant receives usually depends on the agreement reached during your separation or divorce. The order must clearly identify the recipient and the part of your benefit to which he or she has a claim. Earlier spouses' claims take precedence over other claims, including yours and those of any future spouses.

The QDRO must be sent to the plan administrator who will review it to ensure that the QDRO complies with the law and the terms of the plan. Generally, your ex-spouse or child is entitled to his or her share once you reach age 55 (regardless of whether you are retired at that time). His or her share will be based on the present value of the benefit you've earned as of the date payments are to begin.

*Keep in mind that without a QDRO, your ex-spouse has no right to your retirement benefits.*

In the event of your own separation or divorce, please contact the fund office for information about QDRO procedures. As with many legal issues, divorce and QDROs can be quite complex – we recommend that you seek the advice of a qualified attorney for more information.

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# Who's minding the fund?

## The roles and responsibilities of the Board and its advisors

The ABC-NABET Retirement Trust Plan is managed by a Board of Trustees, with equal representation from the Company and the Union. The Board, acting as a single entity, is responsible for:

- Retaining the services of outside professional advisors;
- Checking the funded status of the plan on a regular basis;
- Investing the assets according to the formal investment policies and procedures; and
- Making sure the plan continues to operate efficiently, according to all legal requirements, and in your best interest (as a plan member).

It is also up to the Board to make sure the individual trustees and all of the plan advisors act in accordance with professional standards and codes of conduct.

With a plan as large as ours, outside professionals and advisors play an important role in helping the Trustees run the plan. The following table outlines who these advisors are and their responsibilities.

Name	Role	Responsibilities
Milliman, Inc.	Actuaries and Consultants	<ul style="list-style-type: none"><li>■ Conducts regular actuarial reviews of the plan</li><li>■ Provides advice on plan design</li><li>■ Advises Trustees of changes in legislation and pension industry developments affecting the plan</li><li>■ Monitors changes in plan membership, cash flow, etc.</li><li>■ Assists with member communications (like this newsletter)</li></ul>
Berdon LLP	Auditor	<ul style="list-style-type: none"><li>■ Conducts annual audit of plan's financial status</li><li>■ Prepares annual financial statements for the plan</li></ul>
The Northern Trust Company	Custodian	<ul style="list-style-type: none"><li>■ Holds assets (stocks and bonds and cash instruments)</li><li>■ Provides Trustees with regular statement that track fund assets and transactions</li></ul>
Valley Forge Benefit Administrators	Fund Manager	<ul style="list-style-type: none"><li>■ Manages the daily operations of the plan</li></ul>
New England Pension Consultants	Investment Consultant	<ul style="list-style-type: none"><li>■ Oversees the plan's various investment managers</li><li>■ Provides Trustees with investment advice</li></ul>
Patterson Belknap Webb & Tyler LLP – and – Sturm & Perl	Legal Co-Counsel	<ul style="list-style-type: none"><li>■ Advises Trustees on legal issues affecting the plan</li><li>■ Monitors and advises Trustees on changes to applicable pension laws</li></ul>

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