

Resource

The ABC-NABET Retirement Trust Plan Newsletter

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Keeping up **with life!**

What would happen to your pension benefits if you leave the company before retirement or get married? Have you thought about retiring early, but were unsure if it makes financial sense?

This edition of Resources summarizes some important features of the ABC-NABET Retirement Trust Plan (the “Plan”) and briefly describes how your pension benefits can be affected at various times of your life. If you have any questions or need further details, please review your summary plan description or contact the Fund Office.

A vested interest *Leaving the company*

When it comes to your pension, your “vesting” date is a major milestone. The date you are vested is the date you earn the right to your Plan benefits. You earn one year of vesting service for each year that you complete 1,000 hours of service with the company in “bargaining unit employment”, or any non-bargaining unit employment either before or after your bargaining unit employment. You are fully vested after completing five years of vesting service.

“Bargaining unit employment” refers to the period that you work for ABC, Inc. in a job that is covered by the Plan. Any time you work either for ABC, Inc. in a job that is not covered by the Plan, or for a related company, may not be considered bargaining unit employment.

If you leave the company *before* you are vested, you will not qualify for any Plan benefits. Special rules apply if you later return to work.

If you leave *after* being vested, but before you’re eligible to retire, your pension will be deferred until age 65. If you have 10 or more years of service when you leave however, you may start receiving a reduced pension once you reach age 50 (see examples on page 2 in the article *Getting a head start*).

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Any service related to non-bargaining unit employment will count for vesting purposes, but not for purposes of earning additional benefits. Please refer to the SPD or contact the Fund Office to confirm your bargaining unit employment status.

Also, keep in mind that if you're vested when you leave the company and the lump-sum value of your pension is \$5,000 or less, you will receive an immediate lump-sum payment; no further benefits will be paid from the Plan. All or part of the lump-sum can be taken either as cash, or rolled over into an IRA or other eligible retirement plan to keep it tax sheltered.

Getting a head start

Retiring early

Ah, retirement! For some of you, this day is right around the corner; for others, it's a long way off. No matter what stage you are at in your career, you may be able to start your pension benefits earlier than you thought.

With 10 years of service...

You can collect your pension as early as age 50, as long as you first terminate your employment with the company. Keep in mind, however, that the monthly amount you receive at early retirement will be less than what you would have received at normal retirement. That's because your payments will start earlier and you're expected to receive more of them during your lifetime.

"Normal retirement" is generally age 65 as long as you continue working for the company until then. If you were first hired as a bargaining unit employee after age 65, your normal retirement is the fifth anniversary of your plan membership.

With 20 years of service...

If you wait until age 60 to retire, and you've been in bargaining unit employment since 1998, there's no reduction in your normal retirement pension. In other words, if you have at least 20 years of service, the amount you would have received at age 65 is what you'll receive starting at age 60. If you retire earlier than that, your benefit will be reduced by 5% for each year that you retire earlier than age 60.

The following two examples illustrate the amount a Plan member with 10 and 20 years of service can expect to receive at different retirement ages. The examples assume the member currently is in bargaining unit employment with a monthly retirement benefit at age 65 of \$2,000.

Example 1: with 10 years of service

| Retirement Age | Reduction for Early Retirement | Monthly Pension |
|----------------|--------------------------------|-----------------|
| 65 | 0% | \$2,000 |
| 62 | 12.0% | \$1,760 |
| 60 | 32.3% | \$1,354 |
| 55 | 56.5% | \$870 |
| 50 | 70.9% | \$582 |

Example 2: with 20 years of service

| Retirement Age | Reduction for Early Retirement | Monthly Pension |
|----------------|--------------------------------|-----------------|
| 65 | 0% | \$2,000 |
| 62 | 0% | \$2,000 |
| 60 | 0% | \$2,000 |
| 55 | 25% | \$1,500 |
| 50 | 50% | \$1,000 |





85 Rules!

There's also the option to retire early under the "Rule of 85". If you were in bargaining unit employment on or after December 1, 1999, and your age plus years of covered bargaining unit employment total at least 85, you can collect your pension at any time with no reduction.

Still working after all these years

Postponing retirement

Your retirement benefit is determined by a formula that takes into account your base pay and years of service. If you choose to stay in bargaining unit employment beyond age 65, your pension will continue to increase. This means that you will continue to earn additional years of service (up to a maximum of 40 years), and get credit for any increases to your pay after age 65. But you can't continue to avoid the tax man forever! The Plan requires you to start your pension by the April 1st following the year in which you reach 70½ even if you continue to work.

A repeat performance

Returning to work after retirement

Ok. You're now retired and bored to tears (or driving your spouse crazy)! You want to go back to work but you're not sure how that will affect your pension payments. Here's something to think about.

If you return to bargaining unit employment and work 40 or more hours in a month, your pension payment will be suspended for that month. Any time you're paid for non-work time such as vacation, holiday, illness, jury duty, etc., will count toward the 40 hours. On the flip side, any time compensated under worker's compensation or disability insurance law, or work done on a "daily hire" basis will not be counted. So what's the alternative? You may consider finding work outside of bargaining unit employment (or taking up a new hobby).

You should ask the Fund Office whether your re-employment will result in a suspension of your pension payments. If it does, you will receive a "suspension of benefits" notice. Once you decide to retire again, you must notify the Fund Office to resume your pension payments. Your monthly benefit may be increased based on any additional service you've earned while your pension was suspended. Keep in mind that your pension payments will never be lower than the original amount you were receiving.

ABC-NABET

It's a family affair

Changing your marital status

For Plan purposes, your marital status affects:

1. the automatic form of payment you'll receive at retirement, and
2. whether or not the Plan will pay pre-retirement survivor benefits.

If you have a spouse or get married *before* retirement

Unless you and your spouse sign a waiver, you will automatically receive your pension as a Qualified Joint and Survivor Annuity ("QJSA"). This form of payment provides you with a monthly pension for life. When you die, your surviving spouse will receive 75% of the amount you were receiving (50%, if you have no bargaining unit employment after December 1, 1999) for his or her life. Once your spouse dies, pension payments will stop.

If you die before you start collecting your pension, your spouse is the only person who may qualify to receive survivor benefits from the Plan.

If your spouse dies before you

If you are receiving a QJSA — or one of the other joint and survivor annuity options with your opposite or same-sex spouse as beneficiary — and you were legally married for one year before your payments started, your benefit will "pop-up" if your spouse dies before you. In other words, your monthly payments will be adjusted to the amount you would have received under a single life annuity (paid for your lifetime only). Once you die, payments will stop. If you're receiving a joint and survivor annuity with a beneficiary who is not your spouse, the pop-up benefit does not apply.

If you get divorced

If you're receiving a QJSA and later get divorced, your ex-spouse may still qualify for his or her share of the survivor pension, even if you have a new spouse. If you're divorced before your retirement payments begin, you generally will not have to take your pension as a QJSA unless there is a court order for you to do so.

If you have no spouse or get married *after* retirement

If you are not married to someone of the opposite sex when you retire, you can elect to receive your pension in any of the available forms of payment. But you cannot change your form of payment once you start receiving your pension, even if you later get married. Please refer to your summary plan description for more details.

To avoid any confusion down the road, please keep the Fund Office up-to-date on any changes to your marital status.

Your "spouse" is the person to whom you are legally married for at least one year before your pension payments start, or when you die (whichever occurs first). Special rules apply if you were married within one year of the start of your pension and stay married for one full year.

If you're a participant with a same-sex spouse, you are not subject to the QJSA rules; you are treated like an unmarried participant. However, as long as your same-sex spouse meets the Plan's requirements, he or she would be eligible for survivor benefits if you die before you start collecting your pension.