

Hagerstown Teamsters and Motor Carriers Health and Welfare Fund Hagerstown Motor Carriers and Teamsters Pension Plan

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SUMMARY OF MATERIAL MODIFICATION, NOTICE OF CHANGES IN ADJUSTABLE BENEFITS, AND NOTICE UNDER ERISA SECTION 204(H)

This notice contains important information regarding changes to your pension benefits if you earn Credited Service under the Plan on or after April 1, 2019. Please read this information carefully and feel free to contact the Fund Office at 301-733-2602 with any questions.

1. Elimination of 35-Year Cap on Credited Service

If you continue to work in Covered Employment on or after April 1, 2019, the 35-year cap on Credited Service will no longer apply to you. Instead, all of your Years of Credited Service will be used to determine the amount of your pension benefit.

2. Normal Retirement Age, Age 62 Pension Benefit, Early Retirement Pension Benefit, Enhanced Deferred Vested Pension Benefit, and Deferred Vested Pension Benefit

Participants Leaving Covered Employment While Eligible for an Immediate Retirement Benefit

Effective for participants working in Covered Employment on or after August 1, 2019, the Plan's Normal Retirement Age is increased from age 62 to age 65. At the same time, however, the Plan has added a new unreduced Age 62 Pension, which is payable if you terminate Covered Employment at or after Age 62 with five years of Future Credited Service – in other words, *your benefit will not change*. Additionally, the Early Retirement Pension Benefit will not change. If you retire directly from Covered Employment prior to reaching age 62, your early retirement reduction will continue to be based upon the number of months until you reach age 62 – exactly as it is now. Finally, the Plan has added a new Enhanced Deferred Vested Pension Benefit, which is available to anyone who terminates Covered Employment on or after reaching age 52 with fifteen years of Credited Service, and is equal to the Plan's Early Retirement Benefit – meaning that *your benefit will not change*.

Participants Leaving Covered Employment Not Eligible for an Immediate Retirement Benefit

If, however, you leave Covered Employment on or after August 1, 2019, but before you are eligible to receive an Age 62 Benefit (*i.e.*, before age 62) or an Early Retirement Benefit (*i.e.*, prior to attaining age 52 or you have fewer than 15 Years of Credited Service), your Deferred Vested Pension Benefit will be reduced by .5% for each month the date your benefit commences precedes your 65th birthday and you will receive no Late Retirement increase unless you defer your pension past age 65. Prior to this change, your benefit would have been reduced by .5% for each month the date your benefit commences precedes your 62nd birthday and you would have received a .5% Late Retirement increase in your benefit for each month your benefit commenced after your 62nd birthday. In no event will you receive less than the amount of your benefit earned prior to August 1, 2019, reduced by .5% for each month the date your benefit commences precedes your 62nd birthday.

Examples

Example 1. John Smith, a single person whose birthday is January 1, 1986, begins earning Credited Service on January 1, 2012 with a Unit Multiplier of \$90.00. He earns 36 Years of Credited Service through his termination date of December 31, 2047. He applies to commence a benefit effective January 1, 2048 when he is 62 years old. Under the current plan provisions, John would receive a monthly Normal Retirement Pension Benefit of \$3,150.00 (35 Years of Credited Service multiplied times \$90). After the change, John will receive a monthly Age 62 Pension Benefit of \$3,240.00 (36 Years of Credited Service multiplied by \$90) – an increase of \$90 per month as the result of the elimination of the 35-year cap.

Example 2. Using the same facts, except that John elects to terminate his Covered Employment on December 31, 2045, with 34 Years of Credited Service and applies for his pension to begin January 1, 2046, at age 60. Under the current Plan provisions, John would receive a monthly Early Retirement Pension Benefit of \$2,692.80 (34 Years of Credited Service multiplied by \$90, reduced by .5% for each of the 24 months his benefit commencement date precedes his 62nd birthday). Following the change, John will receive exactly the same monthly Early Retirement Pension Benefit – \$2,692.80 – calculated in exactly the same manner as before the change.

Example 3. Using the same facts as Example 2, except that John terminates Covered Employment at Age 52 with 26 Years of Credited Service. He applies to commence a benefit effective January 1, 2041, when he is 55 years old. Under the existing Plan provisions, John would receive a monthly Deferred Vested Pension Benefit of \$1,357.20 (26 Years of Credited Service multiplied by \$90, reduced by .5% for each of the 84 months his benefit commences prior to Age 62). After the change, John will receive a monthly Enhanced Deferred Vested Pension Benefit in exactly the same amount – \$1,357.20 – calculated in exactly the same manner as before the change.

Example 4. Same facts as Example 3, except that John terminates Covered Employment at age 40, with 14 Years of Credited Service. John then elects to commence his benefit effective January 1, 2041, when he is 55 years old. Under the existing Plan provisions, John would receive a monthly Deferred Vested Pension Benefit of \$730.80 (14 Years of Credited Service multiplied by \$90, reduced by .5% for each of the 84 months his benefit commences prior to Age 62). Following the change, John will receive a monthly Deferred Vested Pension Benefit of \$504.00 (14 Years of Credited Service multiplied by \$90, reduced by .5% for each of the 120 months his benefit commences prior to Age 65).

This notice is designed to satisfy the Plan's obligation to notify you of a reduction in a retirement-type subsidy as required by Section 204(h) of the Employee Retirement Income Security Act, *as amended* ("ERISA"), and Section 4980F of the Internal Revenue Code of 1986, *as amended* ("IRC"). It is also intended to serve as a Notice of Reduction in Adjustable Benefits under a Rehabilitation Plan as required under ERISA Section 305(e)(8)(C) and IRC Section 432(e)(8)(C). It is intended to explain the changes to the Plan in non-technical terms. Please note that if there are any discrepancies between the information provided in this Notice and the Plan document, the terms of the Plan document will govern.