



SOLANO AND NAPA COUNTIES  
**ELECTRICAL WORKERS BENEFIT FUNDS**

August 2010



TO: Plan Participants  
FROM: Board of Trustees  
SUBJECT: Plan Changes and Pension Statements

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**PLAN CHANGES**

As you know, pension plans, including the Solano-Napa Counties Electrical Workers Pension Trust, have been and continue to be affected in different ways by the economic downturn that began several years ago. From the beginning, the Board of Trustees has carefully monitored the investment markets, actuarial data, employment trends, governmental regulations to determine what actions should be taken to balance the funded position of Pension Trust with benefits payable to its active, inactive vested and retired participants and beneficiaries.

***Prior August 1, 2009 Benefit Reductions***

Last year you were informed that the Board of Trustees adopted a number of benefit reductions to maintain and improve the funded position of the Trust. These changes became effective for benefits earned based on hours worked on or after August 1, 2009. Benefits earned prior to August 1, 2009 were not affected. Specifically, it adopted the following Plan changes:

- The benefit accrual rate for each full Benefit Unit earned on or after August 1, 2009 was reduced from \$133 to \$123 (with a proportional dollar amount earned for fractional Benefit Units). Benefits earned prior to August 1, 2009 were not affected by this change and continued to be calculated by the Plan provisions in effect prior to August 1, 2009.
- The Early Retirement Pension for benefits earned on or after August 1, 2009 was changed to reduce the amount of Plan subsidy by requiring a reduction in a Participant's accrued benefit for any Early Retirement Pension beginning prior to age 64 instead of age 60 and increasing the rate of reduction. The Early Retirement Pension formula for benefits earned prior to August 1, 2009 remained unchanged and those benefits remained subject to reduction if the Participant was younger than age 60.

***Previously Reduced Benefits Restored Back to August 1, 2009***

At its last meeting, the Board of Trustees evaluated the funded position of the Plan and determined that the previous August 1, 2009 benefit reductions could be restored as follows:

- The benefit accrual rate for each full Benefit Unit earned through July 31, 2012 is restored by increasing its value from \$123 back to \$133. Because the change is made retroactive to August 1, 2009, your accrued benefit to date is determined as if the prior August 1, 2009 change had never taken place. However, at the current time, a Participant past August 1, 2012 will only accrue benefit

credit at the rate of \$123 per month for each year of benefit accrual. This number, as well as all future benefit accrual factors is subject to change by the Trustees based on the Plan's financial status.

- The Early Retirement Pension reduction formula is restored by only requiring an early retirement reduction if the Participant's benefit becomes effective prior to his attainment of age 60 and restoring the prior reduction formula. In other words, a Participant is entitled to a Regular Pension with no age reduction in his accrued benefit if he is at least age 60. Participants younger than age 60 who retire with an Early Retirement Pension will have their accrued benefit reduced under the original reduction formula (i.e.,  $\frac{1}{4}\%$  for each month that he is younger than age 60 but not age 58 and  $\frac{1}{2}\%$  for each month that he is younger than age 58). Again, because this change is made retroactive to August 1, 2009, the Early Retirement reduction to your accrued benefit to date is determined as if the prior August 1, 2009 change had never taken place.

#### ***Special Credited Service***

A Participant who is not vested because he has less than five Years of Credited Service and would otherwise incur a Permanent Break in Service shall be granted up to one Year of Special Credited Service for periods during which he is unable to work in Covered Employment due to disability. Special Service Credit is combined with a Participant's Credited Service in order to determine whether the Participant has attained vested status.

Use of Special Credited Service is subject to the following conditions:

- The granting of Special Credited Service is effective for retirements effective on or after June 1, 2010 provided that the period of disability takes place on or after January 1, 2010.
- Special Credited Service shall not be limited to a single period of disability, but not more than a Year of Special Credited Service shall be granted during a Participant's lifetime. A Participant shall receive 80 hours towards earning Special Credited Service for each two consecutive week period of disability with Special Credited Service earned using these the same schedule used to earn regular Credited Service.
- A period of disability shall be established by the receipt of State Disability Insurance benefits, Workers Compensation temporary disability benefits, or Social Security Disability Benefits.
- Special Credited Service is not counted in determining eligibility for a Disability Pension or death benefits other than the Pre-Retirement Survivor Pension.
- Special Credited Service will only be granted if applied for by the Participant within twenty-four months of the onset of disability. Appropriate documentation from the California Employment Development Department (for State Disability Insurance), California Workers Compensation Appeals Board (Workers Compensation) or the Social Security Administration (Social Security Disability Benefits) must be provided at that time.

#### **PENSION STATEMENTS**

About this time each year, you receive a statement that includes information about your pension benefits updated to the end of the prior Plan Year. This statement shows your benefit accrued through December 31, 2009. However, because the "restoration" of benefits Plan change was not adopted until recently, your benefit shown in the statement is based on the original August 1, 2009 reductions. Your accrued

benefit under the restored benefits will be correctly shown in next year's statement, along with any additional benefits accrued during the Plan Year.

Information contained in your pension statement is based upon the best information available to the Plan Office at the time of its printing. All information is subject to verification at the time of your retirement.

Your statement also shows your hours worked and contributions made on your behalf for the Plan Year ending December 31, 2009. Please review this information carefully and let the Plan Office know if there are any discrepancies. It is important to address any problems early when it is easier for your employer to be contacted and for you to produce any check stubs that might be necessary to document your work.

#### **FUTURE PLAN CHANGES**

While no one can predict what Plan changes may be in store for the future, please be assured that the Board of Trustees will continue to monitor the Trust's financial and actuarial situation and make decisions that best reflect the need to balance the Plan's funded status with the benefits payable to participants and beneficiaries.

#### **QUESTIONS?**

If you should have any questions concerning your benefits, please contact the Plan Office at the address and telephone number shown below. The staff will be pleased to assist you.

This notice is only a brief summary of the main provisions applicable to changes made in the Plan. As such, it is not intended to address each and every Plan provision that may be relevant to your situation. Additional details about the Plan, in general, are contained in your Summary Plan Description booklet. Your eligibility for and the amount of your benefits, as well as your rights and obligations can only be determined by consulting the Plan's rules and regulations.

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