



## Solano and Napa Counties



### Electrical Workers Benefit Funds

#### SUMMARY OF MATERIAL MODIFICATION

**JULY 15, 2009**

**1. EFFECTIVE AUGUST 1, 2009, A NEW SECTION, 3.3 a. (13), IS ADDED TO THE SOLANO-NAPA COUNTIES ELECTRICAL WORKERS PENSION PLAN REDUCING THE BENEFIT ACCRUAL RATE AS FOLLOWS:**

For all contributions earned on and after August 1, 2009, the benefit accrual rate will be \$123.00 per each full year (or fraction thereof) of benefit accrual for hours worked, paid, or to be paid for work under the Collective Bargaining Agreement.

For all contributions earned prior to the Plan Amendment, the benefit accrual rate was \$133.00 per each full year (or fraction thereof) of benefit accrual for hours worked, paid, or to be paid for work under the Collective Bargaining Agreement.

**Example of benefit accrual prior to August 1, 2009:**

John has earned 10 Benefit Units prior to August 1, 2009. Based on a \$133.00 benefit accrual rate, he earns a benefit at Regular Retirement (60 years old) of **\$1,330.00** per month (\$133.00 per benefit unit multiplied by 10 benefit units).

The benefit accrual rate under this Plan amendment for Benefit Units earned after August 1, 2009 is \$123.00 for each full year (or fraction thereof).

**Example of benefit accrual after August 1, 2009:**

John has 10 Benefit Units under the Plan. Of those, nine (9) Benefit Units were earned prior to August 1, 2009 and one (1) Benefit Unit thereafter. John retires in 2011. Based on a \$133.00 Benefit Unit rate for 9 years, he accrued a monthly pension of \$1,197.00. Based on a \$123.00 Benefit Unit rate for 1 year, he accrued a monthly pension of \$123.00. Therefore, his total monthly benefit is **\$1,320.00**. If he retires before age 64, his benefit accrued AFTER August 1, 2009 will be further reduced as described in the examples below.

**Note:** To calculate your entire monthly pension benefit at normal retirement or at early retirement, all Benefit Units for prior years as well as Benefit Units for all future years accrued up to your date of retirement are multiplied by the accrual rate in effect when those Benefit Units were earned and are added together.

**2. EFFECTIVE AUGUST 1, 2009, A NEW SECTION 3.5 c. IS ADDED TO THE SOLANO-NAPA COUNTIES ELECTRICAL WORKERS PENSION PLAN ELIMINATING THE EARLY RETIREMENT BENEFIT SUBSIDY AND REDUCING BENEFITS FROM AGE 64 RATHER THAN AGE 60 AS FOLLOWS:**

For all Benefit Units earned after August 1, 2009, the Early Retirement factor applied to Early Retirements prior to age 64 shall be based on mortality tables adopted by the Plan and shall not contain any subsidy that would increase the benefit value or limit actuarial reductions. Instead of the reduction being calculated from the Regular Retirement Age of 60, it will be calculated from the Normal Retirement age of 64, increasing the Early Retirement Reduction. Monthly pension benefits earned prior to August 1, 2009 will be subject to the Plan's benefit reduction formula that existed prior to this Notice.

Specifically for benefits earned after August 1, 2009:

The amount of Early Retirement Pension earned by a Participant for all hours worked after August 1, 2009 and who has not attained age 64 on his Annuity Starting Date shall be determined as follows:

- (1) The first step is to determine the amount of the Normal Retirement pension benefit (age 64) to which the Participant would be entitled if he had attained the age for a Regular Pension on his retirement date.
- (2) The second step is to reduce the amount in (1) above by  $\frac{1}{2}$  of 1% for each month the effective date of retirement precedes the Regular Retirement Age (64).

### **Example of Early Retirement reduction prior to August 1, 2009:**

John's monthly pension benefit at Regular Retirement Age, based on twenty Benefit Units, is  $\$133.00 \times 20 = \$2,660.00$  per month. All of his benefits were accrued prior to August 1, 2009. He does not work after August 1, 2009 but does not retire until January 1, 2011 at age 58. His benefit is calculated and reduced as follows:

The Regular Retirement benefit amount is reduced by  $\frac{1}{4}$  of 1% for each month the effective date of retirement is prior to the Regular Retirement Age between age 58 and age 60 (6%) and additionally  $\frac{1}{2}$  of 1% for each month that the Participant is younger than age 58 on his retirement date. John's monthly pension benefit would be reduced by 6% ( $\$159.60$ ). John's monthly pension benefit is  **$\$2,500.40$**  ( $\$2,660.00$  minus  $\$159.60$ ).

If John retired at age 57 his benefit would be further reduced by an additional 6% for a total reduction of 12%. John's monthly pension benefit is  **$\$2,340.80$**  ( $\$2,660.00$  minus  $\$319.20$ ).

### **Example of Early Retirement reduction after August 1, 2009:**

John's total monthly pension benefit at Regular Retirement Age, based on twenty Benefit Units, three (3) of which are earned AFTER August 1, 2009 is  $\$133.00 \times 17 = \$2,261.00$  per month plus  $3 \times \$123.00 = \$369.00$ . His total accrued benefit at Normal Retirement (64) is  $\$2,630.00$ . He retires on January 1, 2013 at age 58. His benefit is calculated and reduced as follows:

The portion earned prior to August 1, 2009,  $\$2,261.00$ , is reduced by  $\frac{1}{4}$  of 1% for each month the date of retirement precedes the Regular Retirement Age between age 58 and age 60 (6%) [ $\$2,261 \times 94\% = \$2,125.34$ ].

However, the monthly pension benefit of  $\$369.00$  earned AFTER August 1, 2009 is reduced by  $\frac{1}{2}$  of 1% for each month of the date of retirement precedes the Normal Retirement Age between age 58 and 64 (36%) [ $\$369.00 \times 64\% = \$236.16$ ].

The total benefit is  $\$2,125.34 + \$236.16 = \mathbf{\$2,361.50}$ .