

U.A. Local No. 393 Benefit Funds

HEALTH & WELFARE, SUB, DEFINED BENEFIT PENSION AND DEFINED CONTRIBUTION

6293 San Ignacio Ave ■ San Jose, CA 95119 ■ P.O. Box 2460 ■ San Jose, CA 95109-2460
(408) 588-3751 ■ (408) 436-8210 fax ■ Staff@ualocal393benefits.org ■ www.ualocal393benefits.org

NOTICE OF MATERIAL MODIFICATIONS

to the

U.A. LOCAL NO. 393 DEFINED BENEFIT PENSION PLAN

(As restated November 1, 2021)

TO: All Participants and Beneficiaries of the U.A. Local No. 393 Defined Benefit Pension Plan

FROM: The Trustees of the Plan

RE: 100% Qualified Pre-Retirement Survivor Annuity Option Reduction

DATE: April 2025

This document is a Summary of Material Modifications (“Summary”) intended to notify you of an important change made to the U.A. Local No. 393 Defined Benefit Pension Plan (“Pension Plan”) since the Summary Plan Description was last distributed to you. Please note that, in the event of conflict between this Summary and the terms of the Plan, the terms of the Plan will govern.

Important Change to Retirement Benefits for Participants Who

- **Enter the Plan On or After May 1, 2017 and**
- **Elect the 100% Qualified Pre-Retirement Survivor Option**

If you die prior to retirement, your surviving spouse receives a 50% qualified pre-retirement survivor annuity, meaning that when eligible, he or she will receive a monthly benefit that is 50% of the monthly benefit you earned. **This is the default. The qualified pre-retirement survivor annuity is required to be offered by law.**

Some participants want their surviving spouse to have more protection and a **higher** monthly benefit. The Plan also offers a 100% qualified pre-retirement survivor annuity (100% QPSA), **which can be elected in place of the default option.** If you die prior to retirement and elect the 100% QPSA, your surviving spouse will receive a monthly benefit equal to the benefit you earned when they are eligible. This is a **more generous benefit** so it is subject to special rules:

- There is a four-year waiting period that begins once a participant elects it.
- Participants who elect the 100% QPSA pay for it with a permanent reduction applied to either their monthly benefit at retirement or to their survivor’s benefits upon their death.
- Currently, this reduction is:
 - ¼ of 1% for each year and partial year the election is in effect until age **55**, and
 - ½ of 1% for each year and partial year the election is in effect after age **55**.

This is still the rule for those Participants whose first Hour of Credited Service was prior to May 1, 2017.

However the Trustees have recently changed the rules for those Participants whose first Hour of Credited Service was on or **after** May 1, 2017:

(over)

Effective for Participants who elect the 100% QPSA on or after March 24, 2025 and whose first Hour of Credited Service was on or after May 1, 2017, the following 100% QPSA reduction rules apply:

Your monthly benefit at retirement or your survivor's benefits upon your death is reduced by

- **¼ of 1% for every year and partial year the election is in effect until age 60, and**
- **½ of 1% for every year and partial year the election is in effect after age 60.**

This change aligns the reductions to take place later since the Unreduced Early Retirement option for Participants whose first Hour of Credited Service was on or after May 1, 2017 also is not available until the later age of 60 with 25 years of Benefit Credit.

Example for Illustrative Purposes

Here is an example of what this change means.

- You and your spouse are the same age.
- You have 25 Benefit Credits and you began covered work **after** May 1, 2017.
- You elect this option at exactly age 50.
- You die at exactly age 65 with an accrued benefit of \$4,000.
 - Ages 50-53: 4-year waiting period (no reduction applies)
 - Age 54-59: $0.25\% \times \$4,000 \times 6 \text{ years} = \60 reduction
 - Ages 60-65: $0.50\% \times \$4,000 \times 6 \text{ years} = \120 reduction

Your accrued benefit of **\$4,000** would be reduced by a total of \$180 for an adjusted accrued benefit of **\$3,820**. This new amount would then be used to calculate the other reductions for age and form of benefit elected by your spouse in the future once you would have been eligible for retirement.

Because electing the 100% QPSA involves a permanent reduction in your retirement benefits, you should think carefully about whether electing it is the right choice for your family and consult your financial advisor, regardless of when you earned your first hour of Credited Service.

These changes are made pursuant to Amendment 13 to the Formal Plan Rules, which can be found on the member portal – www.ualocal393benefits.org (in the documents tab). Please contact the Plan's Administration Office at (408) 588-3751 if you have any questions concerning this Summary, the Pension Plan or your benefits.