

**I.B.E.W. Local 701 Electrical Workers General
Pension Fund**

Level Income Option Announcement

Final Draft
March 2003

*Prepared by
The Segal Company*

[Note: To be reproduced on Fund letterhead]

Dear Participant:

The Pension Plan is designed to help you build a financially secure retirement. To ensure that your Pension Plan payments meet your and your family's needs, the Trustees are pleased to announce the addition of a new payment option – the **Level Income Option** – effective for retirements on or after January 1, 2002.

How The Level Income Option Works

The pension you receive from this Plan is in addition to any other retirement benefits – Social Security or National Electrical Benefit Fund (NEBF) benefits – you are eligible to receive. The earliest you can receive reduced Social Security benefits is age 62 or full Social Security benefits at age 65 or later, based on your date of birth. The earliest you can receive your NEBF benefits is age 60. If you retire before your Social Security or NEBF benefits begin, you may have a gap, or reduction, in your income until you begin receiving Social Security or NEBF benefits.

Benefits Before Age 62 Or 65

Under the Level Income Option, your Regular, Normal Retirement Age or Early Retirement Pension from the IBEW 701 Plan would be increased by either **20% or 40%** (based on your election) until you reach age 62 or 65 (based on your election). This reduces the gap in your monthly income until your Social Security or NEBF benefits begin. If you elect the Lump Sum Readjustment Allowance, which allows you to take a portion of your benefits as lump sum, the Level Income Option is figured after the lump sum adjustment.

Benefits After Age 62 Or 65

Once you reach age 62 or 65 (the age you elected), your pension from the IBEW 701 Plan will decrease because you received a larger pension (the 20% or 40% increase) before that date. However, your lower IBEW 701 pension benefit when combined with your Social Security and NEBF benefits will provide you with a more level total retirement income throughout your retirement.

Level Income Option Requirements

Eligibility

To be eligible to elect the Level Income Option, you must:

- Retire on or after January 1, 2002; and
- Be between age 55 and 65.

If the Level Income Option adjustment reduces your monthly pension amount after you reach age 62 or 65 to less than \$100 per month, you are not eligible to elect this option. After your Level Income Option election is chosen and the first payment made, it cannot be changed.

If You Are Married

If you are married when you retire, your spouse must consent to the Level Income Option election in writing. If you elect to receive your pension as a 50% Husband-and-Wife Pension with the Level Income Option and:

- *You die before your spouse*, your spouse will receive a lifetime monthly benefit equal to 50% of your original pension reduced for the 50% Husband-and-Wife form of payment, without the level income option adjustment; or
- *Your spouse dies before you*, your monthly benefit will be increased or “pop-up” to the amount you would have received had your pension been adjusted for the Level Income Option only without the 50% Husband-and-Wife Pension adjustment.

Returning To Covered Employment

After you retire, your pension may be suspended if you work in certain types of employment, based on your age. If you elect the Level Income Option, your monthly pension will be suspended if you:

- *Are under age 60* and work:
 - One or more hours in an occupation covered by the collective bargaining agreement; or
 - 40 or more hours per month in the electrical industry, at a trade or craft that you were working in at any time you were covered under the Plan including employment with NECA, the IBEW or any of their mutual funds (excluding work as an electrical inspector for a governmental authority).
- *Are between ages 60 and 65* and work 40 or more hours in a month:
 - In an occupation covered by the collective bargaining agreement; or
 - In the electrical industry, at a trade or craft that you were working in at any time you were covered under the Plan including employment with NECA, the IBEW or any of their mutual funds (excluding work as an electrical inspector for a governmental authority).
- *Are age 65 or over* and work 40 or more hours per month in an occupation covered by the collective bargaining agreement.

If you retire and return to covered employment and retire again before age 65, you cannot elect the Level Income Option for the additional pension credits earned after your original retirement (regardless of your original pension payment option).

If you elect the Level Income Option and your pension is suspended before your pension is scheduled to be reduced (at age 62 or 65), your reduced pension will be adjusted to reflect that you did not receive your full pension amount for the months your pension was suspended.

Level Income Option Example

Assume Jason retires at age 58 and is married. After his pension is reduced for early retirement, the Lump Sum Readjustment Allowance and 50% Husband-and-Wife Pension, his IBEW 701 pension is \$2,000 a month. At age 62, his Social Security benefit is estimated to be \$1,500. Jason is also eligible to receive a NEBF benefit of \$1,000 per month at age 62. If he elects the Level Income Option with a 40% increase, he would receive an additional \$901 per month or \$2,901 (\$2,000 + \$901) from the IBEW 701 Plan until age 62. At age 62, his IBEW 701 pension would be reduced to \$1,650 a month.

Level Income Option With 40% Increase		
Benefit	Jason's Monthly Benefits Before Age 62	Jason's Monthly Benefits After Age 62
Jason's IBEW 701 40% Level Income Option Pension Benefit	\$2,901	\$1,650
Jason's Social Security Benefit	\$0	\$1,500
Jason's NEBF Benefit	\$0	\$1,000
Total Monthly Benefit	\$2,901	\$4,150

Have Questions?

We are pleased to announce the addition of this new payment option. The Level Income Option can help provide you with a consistent level of income during your retirement. If you have questions or need more information about other Plan benefits, please contact the Fund Office at (630) 416-7093.

Sincerely,

Board of Trustees

This announcement letter contains information regarding the I.B.E.W. Local 701 Electrical Workers General Pension Fund. The actual Plan provisions may be found in the Plan's legal documents. In the event of a conflict between the wording in this announcement and the legal documents, the legal documents will govern. All plans are subject to change without prior notice to participants.