



IRON WORKERS

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Mid-America Pension Plan – Mid-America Supplemental Monthly Annuity (SMA) Fund

PAUL E. FLASCH, *Administrator*

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SPIRIT MONAHAN, *Delinquent Account Coordinator*

This notice is being provided to comply with the requirements of Section 204(h) of the Employee Retirement Income Security Act of 1974 (ERISA) and its regulations and to notify you of an amendment to the Plan that will change the benefit formula for benefits you accrued on and after January 1, 2020.

Dear Participant:

As Trustees of the Iron Workers Mid-America Pension Plan, we are committed to ensuring that the Plan remains financially secure and positioned to meet current and future pension obligations to our participants. As part of that commitment, **we are making a change to the benefit formula for benefits accrued on or after January 1, 2020.** The benefit formula for benefits earned before January 1, 2020, will **not** change.

This change will simplify the calculation of your benefit and move the Plan into a better funded position for the future. The Trustees have also made a few other smaller changes to the Plan.

This notice explains the changes and provides examples to illustrate the effects of the changes. Please keep this notice with your Summary Plan Description (SPD) and other important Plan documents for reference.

Change to the Benefit Formula

Effective January 1, 2020, pension benefits you earn prospectively will be calculated solely under the Percent of Contribution benefit formula. The Basic and Earned When Paid benefit formulas will no longer be used to calculate benefits. **Benefits earned before January 1, 2020, will not be impacted by this change,** and the Basic and Earned When Paid benefit formulas will continue to be used to calculate the benefit you earned before the change.

The Percent of Contribution benefit formula will continue to pay you 1.00% of the total contributions that are made on your behalf for each hour you work. However, the Supplemental Contribution will no longer apply. The benefit you earn is based on the number of hours you work and the total contributions paid into the Plan on your behalf. This means you are rewarded for the hours you work. There is no longer a penalty for not meeting a certain number of hours as was the case under the Basic and Earned When Paid benefit formulas. Now, any hours you work are part of your benefit calculation. The more hours you work, the higher your benefit will be just like the SMA Fund.

This change simplifies how your pension benefit will be calculated making it easier to understand the benefit you will receive when you retire. Plus, this change makes how pension benefits are calculated the same for each Local Union that participates in the Plan. No matter your Local Union, your contribution rate or the hours you work, your benefit is calculated using the same formula.

All Contributions Will Be Applied to Your Benefit Accruals

As part of this change, Supplemental Contributions are being eliminated and redirected to apply to your benefit accruals. This means that all contributions to the Plan will apply toward your benefit. The Supplemental Contributions were used to help improve the funding level of the Plan, but were not applied to your benefits. Starting January 1, 2020, all prospective contributions will be applied to your benefit accruals.

Example: Regular Pension

Bruce is retiring on January 1, 2033, at age 62 with 25 pension credits. He has the following work history:

- 12 pension credits earned from 2008 – 2019
- 13 pension credits earned from 2020 – 2032

He earned all of his pension credits in his home Local Union.

Basic Pension: He last earned at least one pension credit at a contribution rate of \$2.31, which has a corresponding accrual rate of \$49.00. This means all of Bruce’s pension credits have a \$49.00 accrual rate.

Earned When Paid Pension: He last earned at least one pension credit at a contribution rate of \$1.05, which has a corresponding accrual rate of \$37.00. This means all of Bruce’s Earned When Paid pension credit have a \$37.00 accrual rate.

Percent of Contribution Pension: Bruce is also eligible for the Percent of Contribution Pension based on his work history:

- 2008 – 2015: Bruce worked 1,750 hours each year at a contribution rate of \$3.00 per hour (8 years x 1,750 hours x \$3.00 = \$42,000).
- 2016 – 2019: Bruce worked 1,750 hours each year at a contribution rate of \$3.50 per hour (4 years x 1,750 hours x \$3.50 = \$24,500).
- 2020 – 2032: Bruce worked 1,750 hours each year at a contribution rate of \$7.86* per hour (13 years x 1,750 hours x \$7.86 = \$178,815).

* Includes all contribution rates previously allocated to Basic and Earned When Paid benefits and \$1.00 in previously designated Supplemental Contributions. Without the benefit formula change, the contribution rate for this example is \$3.50.

Bruce’s monthly pension benefit is calculated as follows:

	Before the Change to the Benefit Formula	After the Change to the Benefit Formula
Basic Pension	25 pension credits x \$49.00 accrual rate = \$1,225.00	12 pension credits x \$49.00 accrual rate = \$588.00
Earned When Paid Pension	25 pension credits x \$37.00 accrual rate = \$925.00	12 pension credits x \$37.00 accrual rate = \$444.00
Percent of Contribution Pension	1.00% accrual rate x \$42,000 contributions = \$420.00 <i>Plus</i> 1.00% accrual rate x \$24,500 contributions = \$245.00 <i>Plus</i> 1.00% accrual rate x \$79,625** contributions = \$796.25 Subtotal = \$1,461.25	1.00% accrual rate x \$42,000 contributions = \$420.00 <i>Plus</i> 1.00% accrual rate x \$24,500 contributions = \$245.00 <i>Plus</i> 1.00% accrual rate x \$178,815 contributions = \$1,788.15 Subtotal = \$2,453.15
Total Monthly Benefit	\$3,611.25	\$3,485.15

** This represents the contributions that would have been made toward the POC benefit assuming Bruce worked 13 years at 1,750 hours per year at a \$3.50 contribution rate as if the Plan did not change the benefit formula.

The total monthly benefit is the amount Bruce will receive as a Single Life Pension. If Bruce is married when he retires, the normal form of payment is the 50% Husband-and-Wife Pension, which provides a monthly benefit for Bruce’s lifetime and for his spouse’s lifetime in the event of his death. His benefit would be reduced to provide for the additional benefits for his spouse.

Bruce’s projected benefit after the benefit formula change is lower than his projected benefit before the change. However, any contribution increases negotiated between now and when Bruce retires will apply 100% to his benefit accrual.

Also, remember that this example assumes that Bruce works 1,750 hours per year in the future. It is possible that Bruce will actually earn a higher benefit after the plan change without any contribution increases if he works more hours. In this particular example, if Bruce worked more than 1,972 hours per year in the future, his benefit after the plan change is actually higher than before the plan change without any contribution increases.

Adjustments for Early Retirement, Disability Retirement and other forms of pension payment are not impacted by the change to the pension formula. You will first calculate your Regular Pension amount, using the new formula, and then you will adjust it as you do now. Please review these adjustments in your SPD.

Example: Regular Pension with Contribution Rate Increases

Any contributions that are increased effective after January 1, 2020, will apply 100% to your benefit accrual. Using the same information as the previous example, here's how Bruce's benefit will increase under the new formula if there are contribution rate increases.

Potential future contribution rates:

- 2022: \$8.36 per hour (up from \$7.86)
- 2028: \$8.86 per hour (up from \$8.36)

Percent of Contribution Pension: Here's how the contribution rate increases impact Bruce's Percent of Contribution Pension:

- 2008 – 2015: Bruce worked 1,750 hours each year at a contribution rate of \$3.00 per hour (8 years x 1,750 hours x \$3.00 = \$42,000).
- 2016 – 2019: Bruce worked 1,750 hours each year at a contribution rate of \$3.50 per hour (4 years x 1,750 hours x \$3.50 = \$24,500).
- 2020 – 2021: Bruce worked 1,750 hours each year at a contribution rate of \$7.86 per hour (2 years x 1,750 hours x \$7.86 = \$27,510).
- 2022 – 2027: Bruce worked 1,750 hours each year at a contribution rate of \$8.36 per hour (6 years x 1,750 hours x \$8.36 = \$87,780).
- 2028 – 2032: Bruce worked 1,750 hours each year at a contribution rate of \$8.86 per hour (5 years x 1,750 hours x \$8.86 = \$77,525).

Bruce's monthly pension benefit is calculated as follows:

	After the Change to the Benefit Formula	
	No Contribution Rate Increases	Contribution Rate Increases in 2022 and 2028
Basic Pension	12 pension credits x \$49.00 accrual rate = \$588.00	12 pension credits x \$49.00 accrual rate = \$588.00
Earned When Paid Pension	12 pension credits x \$37.00 accrual rate = \$444.00	12 pension credits x \$37.00 accrual rate = \$444.00
Percent of Contribution Pension	1.00% accrual rate x \$42,000 contributions = \$420.00 <i>Plus</i> 1.00% accrual rate x \$24,500 contributions = \$245.00 <i>Plus</i> 1.00% accrual rate x \$178,815 contributions = \$1,788.15 Subtotal = \$2,453.15	1.00% accrual rate x \$42,000 contributions = \$420.00 <i>Plus</i> 1.00% accrual rate x \$24,500 contributions = \$245.00 <i>Plus</i> 1.00% accrual rate x \$27,510 contributions = \$275.10 <i>Plus</i> 1.00% accrual rate x \$87,780 contributions = \$877.80 <i>Plus</i> 1.00% accrual rate x \$77,525 contributions = \$775.25 Subtotal = \$2,593.15
Total Monthly Benefit	\$3,485.15	\$3,625.15

Hour Bank

The Plan will continue to utilize an hour bank. This plan feature allows you to accumulate hours when work is good and use them in years when you earn at least 0.25 pension credit but less than 1.00 pension credit in a year. Effective January 1, 2020, the hour bank will provide pension credit for vesting and eligibility but not benefit accrual. That is because benefit accrual is earned only through Percent of Contribution formula after this date (the Basic and Earned When Paid benefit formulas will no longer be used).

Credit When Workers Compensation and/or Welfare Benefit Received

If a participant earns less than 1.00 pension credit in a year, the Plan will continue to provide pension credit for vesting and eligibility when a participant receives weekly workers compensation or sickness benefit from an iron workers welfare fund. Effective January 1, 2020, the Plan will provide benefit accrual for those awarded hours using the Percent of Contribution benefit formula rather than the Basic benefit formula.

Spouse Benefit When Participant Dies On-The-Job

If an active, married participant dies on the job as a result of an accident and meets certain other requirements, the spouse will receive 100% of a projected benefit. The projected portion includes one pension credit (at the Basic accrual rate) for each year until he would have attained age 65 to simulate the benefit that he would have earned under that assumption. Effective January 1, 2020, the projected portion will be based on 1,000 hours each year at the participant's current POC rate until he would have attained age 65.

Beneficiary Designation

You have the right to designate a beneficiary to receive any Death Benefits that may be payable under the Plan, before or after your retirement. If you do not complete a beneficiary designation and benefits are payable, the Plan will use a succession order of beneficiaries, which is:

- Spouse or, if none,
- IWMA SMA Fund designated beneficiary or, if none,
- Surviving children, or, if none,
- The estate of the deceased.

If you wish to designate a beneficiary, request the form from the Fund Office, complete the form and submit it back to the Fund Office.

When you retire, regardless of whether you elect a Single Life Pension or a Husband and Wife Pension, you will elect a beneficiary to receive any further Death Benefits that may be due after your death. If you are married and you elect the Single Life Pension and you wish to name someone other than your spouse as the beneficiary, your spouse must consent to that election.

Conclusion

The purpose of the Pension Plan is to provide the best possible retirement income to union iron workers and their families. These Plan changes help to ensure that this goal is achieved now and in the future.

If you have any questions concerning this Plan change or how it may apply to your benefit, please contact the Pension Department at the Fund Office at (708) 474-9902 or (800) 232-8029, extension 2.

Sincerely,

The Board of Trustees of the
Iron Workers Mid-America Pension Plan

This announcement serves as a Summary of Materials Modifications (SMM) for the Iron Workers Mid-America Pension Plan (EIN 36-6488227/ PN 001). Full details are contained in the documents that establish the Plan provisions. If there is a discrepancy between the wording here and the documents that establish the Plan, the document language will govern. Please keep this SMM with your Summary Plan Description (SPD) for future reference.

December 13, 2019