

Idaho Operating Engineers – Employers Pension Trust Fund

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Administered by
Welfare & Pension Administration Service, Inc.

August 7, 2020

**To: All Participants and beneficiaries
Idaho Operating Engineers – Employers Pension Plan**

**Re: Summary of Material Modification to the Plan – Change of Accrual Formula and
Future Service Credit**

This Summary of Material Modifications is a required notice designed to share changes to your pension plan adopted by the Plan's Board of Trustees. The following summarizes Amendment No. 7 to the Plan which revises the way your benefits are calculated.

Benefit formula changed and accrual levels increased for 2020 and beyond

The Trustees made three significant changes to the way benefits are earned under the Plan for 2020 and beyond:

- The Plan's accrual rate was increased from \$38 for 1,500 hours (which had been in place since 2003) to **\$53 per 1,500 hours**, for hours worked on and after January 1, 2020. As in the past, the accrual rate is adjusted for contribution rates that differ from the rate determined in the collective bargaining agreement between the signatory contractors and the Local 302 Negotiating Committee (which is currently \$4.98 per hour). For benefit purposes, hours continue to be credited in quarter-years, and hours not used in a given year are carried over to future years.
- Any unused hours carried forward from prior years were credited for benefit purposes on June 30, 2020.
- Beginning July 1, 2020, the formula used to determine benefits was changed. Instead of earning \$53 for 1,500 hours (adjusted as described above), you will earn a benefit equal to **1.25% multiplied by 57% of the contributions made on your behalf**. The new formula directly adjusts for different contribution levels and all hours will be credited for benefits in the plan year they are earned. Similar to the current plan, you need 375 covered hours in a plan year (July 1 – June 30) to earn a benefit in that year.

For vesting purposes, credited service will continue to be calculated in quarter credits. No more than one credit may be earned in a plan year, and hours less than a quarter credit will not be carried over to future years. The Plan provision allowing you to become 100% vested upon attaining 4,350 total Hours of Service remains unchanged.

Example #1

If you work 1,500 hours from July 2020 to June 2021 with a contribution rate of \$4.98 per hour, you would have $1,500 \times \$4.98 = \$7,470$ contributed to the pension plan on your behalf during the year.

- Under the new formula, your formula benefit would be **$1.25\% \times (57\% \times \$7,470) = \$53.22$** .
- Under the old formula, your benefit would have been **\$53.00**.

Example #2

If you work 1,700 hours from July 2020 to June 2021 with a contribution rate of \$4.98 per hour, you would have $1,700 \times \$4.98 = \$8,466$ contributed to the pension plan on your behalf during the year.

- Under the new formula, your formula benefit would be **$1.25\% \times (57\% \times \$8,466) = \$60.32$** .
- Under the old formula, if you did not have any hours “banked” from a prior year, your benefit would have been based on 1,500 hours, resulting in a benefit of **\$53.00**. The additional 200 hours ($1,700 - 1,500$) would then have been “banked” for use in a future year.

Questions?

If you have any questions regarding this notice or your benefit under the Plan, please contact the Trust Administrative Office, Welfare & Pension Administration Service, Inc., Nikki Winston, 1(800) 351-6480 ext. 3216.

For additional information about your plan visit the Trust website at www.wa-idengineerstrustfunds.com/id/

This notice is being provided to you as required by Section 204(h) of the Employer Retirement Income Security Act of 1974, as amended and Section 4980F of the Internal Revenue Code. This notice also constitutes a Summary of Material Modification to the Plan.

Sincerely,

Board of Trustees
Idaho Operating Engineers-Employers Pension Trust