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 x $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% x (57% x $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 x $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% x (57% x $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

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IDAHO OPERATING ENGINEERS-EMPLOYERS PENSION PLAN

SUMMARY PLAN DESCRIPTION

This booklet describes the Idaho Operating Engineers-Employers Pension Plan (the "Plan" and the "Fund"). Because certain terms are specifically defined in the Plan, they are capitalized in this booklet. If you wish to review those definitions, please see the Plan.

This Summary Plan Description is only an outline, but it does discuss the major parts of the Plan. These pages try to describe the Plan in understandable terms as accurately as possible. But, if these pages inadvertently say anything that disagrees with the formal Plan document, that legal document must be followed.

If you have any questions regarding this Plan, please contact the Trust Administrative Manager at the Trust Office. No union employee, including union officers and business agents, no employer or employer representative, and no representative of any other organization, except the Trust Administrative Office, is authorized to give information, interpret the Plan, or commit the Trustees on any matter.

The following pages contain information regarding the Plan as it applies to participating employees as of the date on this pamphlet. The Plan Document is the document that governs, rather than this abbreviated description. The full text of the Plan document is contained in this booklet. The Trust Agreement, plus all reports, audits and Plan information required by law, are available for inspection during normal business hours at the Trust Administrative Office.

TYPE OF ADMINISTRATION

The Idaho Operating Engineers-Employers Pension Plan is administered by a Board of Trustees with representatives from both employees and participating employers. Local 370 of the International Union of Operating Engineers is responsible for selecting employee Trustees, and the Signatory Employers, is responsible for selecting employer Trustees. The Board of Trustees is responsible for establishing and administering the Plan solely for the purpose of providing benefits to participants, their families and dependents. The Board of Trustees has engaged Zenith Administrators, Inc. (the "Administrative Manager" and the "Trust Administrative Officer"), a contract administrative organization, to assist in administration of the Plan.

NAME AND ADDRESS OF TRUST ADMINISTRATIVE OFFICE

IDAHO OPERATING ENGINEERS-EMPLOYERS PENSION PLAN
111 W. Cataldo, Suite 220
Spokane, Washington 99210
EIN 91-6075538

NAMES AND ADDRESSES OF TRUSTEES

The names, titles and addresses of the individuals currently serving on the Board of Trustees who are the administrators, as that term is defined in Section 3(16)(A) of the Employee Retirement Income Security Act of 1974 are:

NAME AND ADDRESS OF AGENT FOR SERVICE OF PROCESS

The Administrative Manager at the Administrative Office is designated as agent for purposes of accepting service of legal process on behalf of the Plan. Each of the Trustees is also authorized to accept service of legal process on behalf of the Plan. The address of the Trust Administrative Manager is: 111 W. Cataldo Suite 220, Spokane, Washington 99210.

APPLICATION FOR BENEFITS

ırder to obtain benefits under this Plan, the Employee must make an application on a form furnished by the Trustees for this purpose. It is recommended uıat the Employee apply for benefits at least two months prior to his/her expected retirement date. Among other items, proof of birth information will be needed. Application forms may be obtained from the Trust Administrative Office. Any questions concerning eligibility for or the amount of benefit should be directed to the Trustees at the Trust Administrative Office.

TYPE OF PLAN/PLAN YEAR

The Plan is a defined benefit plan. It is intended to provide benefits to Employees upon retirement, disability, or death. The Plan Year begins July 1 and ends on the following June 30.

DESCRIPTION OF COLLECTIVE BARGAINING AGREEMENT

Employers make contributions to the Plan in the amount required by collective bargaining agreements in the construction or closely related industry between Local Union 370 and any individual Employer which provides for the making of Employer contributions to this Fund. The amount of the contribution is outlined under the section referring to Fringe Benefits in the current collective bargaining agreement. The Trustees have established a monthly benefit for past service and periodically have established monthly future service benefits in relation to the negotiated Employer contributions to the Plan.

A copy of any collective bargaining agreement is available for examination by Employees and beneficiaries upon written request to the Plan Administrator. In addition, a complete list of Employers and Employer organizations sponsoring the Plan is also available for examination by Employees and beneficiaries upon written request to the Plan Administrator.

ENTITIES USED FOR ACCUMULATION OF ASSETS AND PAYMENT OF BENEFITS

The Employer contributions are received and held in trust by the Trustees. Administrative expenses are deducted from the Fund, and the balance is invested and reinvested for the purpose of providing benefits described in the Plan and this booklet.

The Trustees believe the Employer contributions will be sufficient under normal circumstances to provide the benefits described in the Plan and this booklet. ˉ›wever, since it is not possible to predict future conditions, the Trustees may revise the Plan if the Fund is not sufficient to provide the benefits.

ELIGIBILITY FOR PARTICIPATION

To be eligible to participate in this Plan you must be employed under a collective bargaining agreement between an Employer and Local Union 370 of the International Union of Operating Engineers. This Plan covers all Employees for whom contributions are required to be made by the Employer for purposes of this Plan without regard to age or minimum service requirements.

ELIGIBILITY AND BENEFITS

Eligibility for benefits under the Plan is based on the number of Combined Pension Credits in force for the Employee.

(a) **Past Service Credits.**

An Employee will receive one Past Service Credit, to a maximum of ten, for each year of continuous employment between July 1, 1958 and July 1, 1968 for which the Employee can submit proof of hours worked as an operating engineer in the jurisdiction of the Union, provided the Employee has worked in Covered Employment at some time on or after July 1, 1968. For example: An Employee who can submit proof of hours worked in 1961 and each succeeding year to July 1, 1968 would receive six Past Service Credits; or an Employee with hours credited in every year since July 1, 1958 would be entitled to ten Past Service Credits, the maximum allowable past Service Credits. For this purpose continuous employment means employment which is not interrupted by a Break in Service as defined in the Plan.

(b) **Future Service Credits.**

An Employee will receive one Future Service Credit for each 1,500 hours worked in Covered Employment since July 1, 1968. Fractional credits will be awarded at retirement or when the benefit accrual rate changes.

(c) **Related Service Credits.**

An Employee will receive credit for hours of employment which are considered as credited service under another plan of a local union affiliated with the International Union of Operating Engineers or any other qualified pension plan which has agreed to exchange credits with this Plan.

(d) **Combined Pension Credits.** Combined Pension Credits means the total of Past Service Credits, Future Service Credits and Related Service Credits.

ELIGIBILITY FOR NORMAL RETIREMENT BENEFITS

Retirement may occur at the option of the Employee at any time on or after his/her 62nd birthday, provided the Employee has at least five Combined ısion Credits or 4,350 Future Service Hours in force, one of which is a Future Service Credit.

ELIGIBILITY FOR EARLY RETIREMENT BENEFITS

An Employee who is at least age 55 and has 10 or more Combined Pension Credits in force, one of which is a Future Service Credit, without a Permanent Break in Service may retire before age 61 with a reduced benefit.

Benefits will normally commence on the first day of the month coinciding with or next following actual retirement date.

ELIGIBILITY FOR DISABILITY BENEFIT

An Employee who has 10 or more Combined Pension Credits in force, one of which is a Future Service Credit, and is certified by the Trustees to be totally and permanently disabled will be eligible for a disability benefit. For any disability retirement on or after January 1, 1988, the Employee's monthly annuity shall be the greater of 100% of the Early Retirement Benefit or 75% of the Normal Retirement Benefit. Additional provisions apply if the Employee is awarded a Social Security disability pension. Benefits will normally commence the first day of the month following five consecutive months of disability.

BENEFIT PAYMENTS

For unmarried Employees, including those who are retiring under the disability provisions of the Plan, the normal form of benefit will be the amount determined above payable for five-years certain, and life thereafter, described as follows:

For married Employees the normal form of benefit will be the actuarial equivalent of the benefit payable under a 50% joint and survivor option described as follows:

(a) **Spousal Joint and Survivor Option.**

A married Employee may elect a reduced benefit to be paid as long as he/she lives, with the further provision that 100%, 75%, or 50% of this reduced benefit will be continued after his/her death during the remaining lifetime of his/her spouse.

(b) **Period Certain and Life Option.**
An Employee may elect to receive for five-years certain, and life thereafter, or an actuarially reduced benefit for ten-years certain and life thereafter. This means that if an Employee should die within the five or ten-year period after retirement, benefits will continue to his/her beneficiary for the remainder of the period certain in the same amount. The ten-year certain option is not available to Employees retiring under the disability provisions of the Plan.

(c) **Non-Spousal Joint and Survivor Option.**

(i) An Employee may elect a reduced benefit to be paid as long as he/she lives, with a further provision that a portion of the reduced benefit will be continued after his/her death during the remaining lifetime of a beneficiary (known as the joint pensioner) named by him/her.

(ii) An Employee may elect a 100% joint survivor benefit and designate a non-spouse beneficiary as the joint pensioner ("Non-Spouse Survivorship Annuity"), provided the beneficiary is no more than ten years younger than the Employee.

(iii) An Employee may elect a 75% Non-Spouse Survivorship Annuity, provided the beneficiary is no more than nineteen years younger than the Employee.

(iv) The Employee may elect a 50% Non-Spouse Survivorship Annuity regardless of the age difference between the Employee and the beneficiary.

(v) A married Employee may elect to designate a non-spousal beneficiary, only with the written consent of his or her spouse. The spouse's consent must be on a form provided by the Trust office.

(vi) The Non-spousal Joint and Survivor Option is not available to unmarried Employees retiring under the disability provisions of the Plan.

VESTING RULE

Vesting provides that an Employee who works a substantial number of hours for which contributions are made but who leaves the trade before retirement will retain some (or all) of his/her accumulated Combined Pension Credits. Effective July 1, 1989, an Employee: will have no vested interest if he/she has less than five Years of Service and less than 4,350 Hours of Service; and, will be 100% vested if he/she has either 4,350 or more Hours of Service or has five or more Years of Service. No Employee who was in the Plan on July 1, 1975, shall have a lower vesting percentage than would have been granted under the Plan as in effect on that date.

CIRCUMSTANCES WHICH MAY RESULT IN DISQUALIFICATION, INELIGIBILITY OR DENIAL, LOSS, FORFEITURE OR SUSPENSION OF BENEFITS

(a) **Cancellation of Pension Credits.**

If an Employee has not worked in Covered Employment during five consecutive Plan Years, his/her total Combined Pension Credits in force at the beginning of the five-year period will be canceled unless he/she was vested at the beginning of the five year period. However, such five-year period will be extended by any time:

(i) The Employee is receiving disability payments under the Plan; or

(ii) The Employee is performing required service in the Armed Forces of the United States, does not re-enlist, and is available for Covered Employment within three months after separation; or

(iii) The Employee is Employed as an operating engineer in another jurisdiction covered by a reciprocal agreement with the Plan; or

(iv) The Employee changes his/her status to that of an Employer (superintendent, manager or owner) and is working pursuant to or under the terms of a collective bargaining agreement with the Union or any other Union affiliated with the International Union of Operating Engineers; or

(v) The Employee is employed overseas in the trade; or

(vi) The Employee changes his/her status to that of a Federal or State Employee and is working pursuant to or under the terms of a Collective Bargaining Agreement with the Union or any other Union affiliated with the International Union of Operating Engineers.

An Employee who is absent from Covered Employment after December 31, 1986, because of maternity or paternity leave shall be credited with a maximum of 501 Hours of Service for the calendar year in which such leave commences if needed to avoid a Break in Service in that year or in the following calendar year. Such credit shall be solely for the purpose of avoiding a Break in Service and shall not result in additional Credited Service under this Plan. In addition, if the Employee has experienced a Break in Service and then returns to Covered Employment, Years of Service before the Break in Service will not be taken into account in determining current vesting status until the Employee has completed one Year of Service after his/her return. And, in the case of an Employee who previously had no vested right, the Years of Service before the Break in Service shall not be taken into account unless they are greater in number than the number of years that the Employee was not in Covered Employment.

(b) **Suspension of Benefits.**

Effective January 1, 1988, a retired Employee under age 62, to be deemed retired for purposes of the Plan, must refrain from any employment which either directly or indirectly involves construction or construction related activities, anywhere in the United States, for wages or profit. Retired Employees age 62 years or older must refrain from employment, which applies the skills or trades the retired Employee used while working under the Plan, of 40 hours or more during any calendar month in the construction industry in the geographic area covered by the Plan.

ASSIGNMENT AND CLAIMS OF CREDITORS

Benefits are nonassignable and are exempt from the claims of creditors to the maximum extent permitted by law.

CLAIMS REVIEW PROCEDURE

The Claims Review Procedure provides the process for appeal of claims denials to the Board of Trustees. The detailed provisions of the Claims Review Procedure are provided under Article 16.02 of the Plan Document.

DEATH BENEFITS

If a participating Employee dies prior to retirement, a death benefit of $2,000 for each Future Service Credit is payable, subject to the following conditions:

(a) Employees without a Break in Service will be fully vested in their death benefit. Employees with a Break in Service will be entitled to their vested percentage multiplied by the above death benefit.

(b) Fractional Future Service Credits will be excluded.

(c) This benefit shall be paid to the beneficiary designated by the Employee. If the designated beneficiary does not survive the Employee, or none is designated, the benefit shall be paid to his/her spouse, if then surviving, and if not, to the Employee's estate.

(d) If this benefit is not greater than actual contributions paid on behalf of the Employee, then actual contributions will be paid to the designated beneficiary without interest. Note: This benefit is not payable to any beneficiary if the Employee's spouse elects the surviving spouse benefit described below.

Burial Benefit

urial benefit of $2,000 shall be paid to the designated beneficiary of a deceased active employee who has a total of 1,500 future service hours earned in this ,-un or if a deceased retiree who independently qualified and was receiving a pension from this plan. The deceased active employee must not have incurred a Break in Service prior to the date of death. This benefit is mutually exclusive in that a benefit cannot be paid from this fund and the Engineers-AGC Trust Fund of the Inland Empire if eligible in each fund. In such a case, each fund will pay $1,000.

SURVIVING SPOUSE DEATH BENEFIT

If an Employee and his/her surviving spouse meet the requirements listed below, the surviving spouse shall receive a monthly pension for life equal to 50% of the benefit the Employee would have received if he/she had taken an early retirement on the first day of the month in which he/she died and taken his/her benefit under a 50% joint and survivor option. The requirements for the surviving spouse benefit are as follows:

(a) The Employee and spouse must have been married for at least one year prior to death;

(b) The spouse must have waived entitlement to the lump sum death benefit described above;

(c) The Employee must not have been receiving benefits under this Plan; and

(d) The Employee must have satisfied the eligibility requirements for early retirement.

FUTURE OF THE PLAN

The future of the Plan will be determined by the terms of the Collective Bargaining Agreement and by conditions relating to the income and outgo of the Plan. Hence, the Trustees necessarily reserve the right to change, suspend, or discontinue the Plan at any time. No change, suspension, or discontinuance will adversely affect the benefits, unless a change in the Plan is made for the purpose of meeting the requirements of the Internal Revenue Code or any other applicable law.

If the Plan is discontinued, the Fund will be allocated for the exclusive benefit of Employees who are then included or who have retained a vested interest in Plan. If an Employee is not receiving benefits at the time of discontinuance, his/her benefits credited under the Plan may be adjusted, depending on the status and method of application of the Fund.

STATEMENT OF EMPLOYEE RIGHTS UNDER ERISA

As a participant in the Idaho Operating Engineers-Employers Pension Plan you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled to:

Receive Information About Your Plan and Benefits

Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents governing the Plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Pension and Welfare Benefit Administration.

Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.

Receive a summary of the plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for plan participants ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called "fiduciaries" of the plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

Enforce Your Rights

your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of the plan documents or the latest annual report from the plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in Federal court, after the administrative remedies are exhausted. If it should happen that plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. ·ou lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about your plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, DC 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration at 1-866-444-3272.

BENEFIT GUARANTEE

Your pension benefits under this multiemployer Plan are insured by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency. A multiemployer plan is a collectively bargained pension arrangement involving two or more unrelated employers, usually in a common industry.
Under the multiemployer plan program, the PBGC provides financial assistance through loans to plans that are insolvent. A multiemployer plan is considered insolvent if the plan is unable to pay benefits (at least equal to the PBGC's guaranteed benefit limit) when due.

The maximum benefit that the PBGC guarantees is set by law. Under the multiemployer program, the PBGC guarantee equals a participant's years of service multiplied by (1) 100% of the first $11 of the monthly benefit accrual rate and (2) 75% of the next $33. The PBGC's maximum guarantee limit is $35.75 per month times the participant's years of service. For example, the maximum annual guarantee for a retiree with exactly30 years of service would be $12,870.

The PBGC guarantee generally covers: (1) Normal and early retirement benefits; (2) disability benefits if you become disabled before the Plan becomes insolvent; and (3) certain benefits for your survivors.

The PBGC guarantee generally does not cover: (1) benefits greater than the maximum guaranteed amount set by law; (2) benefit increases and new benefits based on Plan provisions that have been in place for fewer than 5 years at the earlier of: (i) the date the Plan terminates or (ii) the time the Plan becomes insolvent; (3) benefits that are not vested because you have not worked long enough; (4) benefits for which you have not met all of the requirements at the time the Plan becomes insolvent; and (5) non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance ·.

For more information about the PBGC and the benefits it guarantees, ask your Plan Administrator or contact the PBGC's Technical Assistance Division, 1200 K Street, N.W., Suite 930, Washington, DC 20005-4026 or call 202-326-4000 (not a toll-free number). *TTY/TDD* users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to 202-326-4000. Additional information about the PBGC's pension insurance program is available through the PBGC's website on the Internet at *http://www.pbgc.gov.*