



## **Asbestos Workers Local 24 Medical Fund Asbestos Workers Local 24 Pension Fund**

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### **Asbestos Workers Local No. 24 Pension Plan**

#### Summary of Material Modification #1 June, 2009

As part of the Funding Improvement Plan required under the Pension Protection Act of 2006, the Board of Trustees of the Asbestos Workers Local No. 24 Pension Fund ("Pension Fund") has adopted several benefit changes.

**Benefit Rate:** Effective for all service earned on or after July 1, 2009, the Benefit Rate will change from \$143 to \$100. This means that, for each Benefit Unit earned on or after July 1, 2009, you will earn an additional \$100 per month upon normal retirement.

**Unreduced Early Retirement:** Effective for Participants who first work in Covered Employment on or after July 1, 2009, a Participant will have to be age 55 in order to be eligible for an Unreduced Early Retirement Benefit with 30 Years of Credited Service. This change does not affect Participants who began work in Covered Employment prior to July 1, 2009.

**Reduced Early Retirement Pension:** Effective for all service earned on or after July 1, 2009, the amount by which a Participant's benefit will be reduced will change from 3% per year (1/4% per month) to 6% per year (1/2% per month) for each year he retires prior to the earliest date he would be eligible for a Normal Retirement Pension or an Unreduced Early Retirement Pension (whichever is earlier).

These changes *do not* affect any benefit earned for service prior to July 1, 2009.

Pursuant to the requirements of the Pension Protection Act, the Board of Trustees is presenting the bargaining parties with a Funding Improvement Plan that includes three separate Schedules of contributions. Following the expiration of the existing collective bargaining agreements on September 30, 2009, the bargaining parties will be required to select from one of those three Schedules. Any Participant working in covered employment for an employer that is bound to Schedule 1 of the Funding Improvement Plan will continue to earn the benefits as described above and in the examples below. By law, Schedule 2 is the "Default Schedule" and will be imposed on any employer that fails to agree to be bound by one of the other Schedules within 180 days of the expiration of its existing collective bargaining agreement (March 29, 2010). Effective October 1, 2009, any Participant working for an employer that is bound to Schedule 2 will *cease to earn any benefit under the Plan*. Any Participant working in covered employment for an employer that is bound to Schedule 3 of the Funding Improvement Plan will earn the

benefits under the Plan in effect prior to July 1, 2009, without regard to the changes described above and in the examples below.

The following examples illustrate the changes:<sup>1</sup>

Example 1. A Participant who started work in covered employment under the Local 24 Plan on July 1, 1980 earns one Year of Credited Service and one Benefit Unit for each Plan Year until the effective date of his retirement on July 1, 2010, at which time he is age 55. The Participant has earned 30 Years of Credited Service as well as 30 Benefit Units. For the 29 Benefit Units earned through June 30, 2009, the Participant will receive \$2,832 per month. For the one Benefit Unit earned after July 1, 2009, the Participant will receive an additional \$100 per month, for a total monthly benefit of \$2,932. Because the Participant has 30 Years of Credited Service, he is entitled to an Unreduced Early Retirement Pension for the entire amount of his pension.

Example 2. Same facts as Example 1, except that the Participant is only age 54 upon his retirement. For the 29 Benefit Units earned prior to July 1, 2009, he is entitled to a monthly benefit of \$2,832 per month. For the one Benefit Unit earned after July 1, 2009, he is entitled to an additional \$100 per month for a total accrued benefit of \$2,932. Because the Participant has 30 Years of Credited Service and first worked in Covered Employment before July 1, 2009, he is entitled to an Unreduced Early Retirement Pension for a monthly benefit of \$2,932.

Example 3. A Participant who started work in covered employment under the Local 11 Plan on July 1, 1990 earns one Year of Credited Service and one Benefit Unit for each Plan Year until the effective date of his termination on July 1, 2015, at which time he is age 49. The Participant has earned 25 Years of Credited Service as well as 25 Benefit Units. Because the Participant does not have 30 Years of Credited Service, he is not eligible to receive any benefit until his 55<sup>th</sup> birthday, at which time he will be eligible for a Deferred Vested Pension. For the 19 Benefit Units earned prior to July 1, 2009, the Participant has accrued a benefit of \$2,115 per month. At age 55, he will be entitled to receive this portion of his benefit reduced by 3% for each full year he retires prior to the earliest date he could have earned an unreduced pension. Because he would have to work an additional 5 years to earn a total of 30 Years of Credited Service, his benefit is subject to a 15% reduction, leaving a monthly benefit of \$1,797.75. For the 6 Benefit Units earned after July 1, 2009, the Participant has earned an accrued benefit of \$600 per month. Upon reaching age 55, the Participant can elect to receive this portion of his benefit reduced by 6% for each full year prior to the earliest date he could have earned an unreduced pension (also 5

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<sup>1</sup> Each of these examples illustrates the amendments effective July 1, 2009, and is based on the premise that the Participant's employer is bound to a collective bargaining agreement incorporating Schedule 1 of the Funding Improvement Plan. For Participants working for employers bound to Schedule 2 of the Funding Improvement Plan, the amount of benefit that would be earned on or after October 1, 2009 is \$0.

For the sake of simplicity, each of the three examples shows the benefit payable in the form of a Straight Life Benefit with 36 Month Guarantee. If you receive your benefit in a different form (such as the Husband and Wife benefit), although the benefit will have approximately the same overall value, the amount of each monthly payment will generally be somewhat lower.

years), for a total reduction of 30%, leaving a monthly benefit of \$420. Consequently, the Participant's total monthly benefit payable at age 55 will be \$2,217.75.

If you have any questions, please contact the Fund Office at (410) 872-9500.

**Sincerely,**

**Board of Trustees**

**SMM#1 SPD 01/2007**