

Summary of Important Changes made to the Pension Plan

Your Summary Plan Description (SPD) document provides you with detailed information to help you understand your pension benefits. This notification summarizes the updates made to this document as a result of the various changes that were recently made to the Pension Plan. A new SPD will be distributed to all Participants in the months to come.

Increase in the Benefit Accrual Rate, Effective January 1, 2014

The Board of Trustees voted to increase the benefit accrual rate for Participants who earn at least ¼ Pension Credit after December 31, 2012.

What This Means to You

If you retire on or after January 1, 2014, the benefit accrual rate for Pension Credits earned after January 1, 1993 will increase from \$115.00 to \$125.00 per Pension Credit, provided you earn at least ¼ Pension Credit after December 31, 2012. (Credit earned prior to January 1, 1993 will stay at the \$85.00 accrual rate.)

For example, if you retire in January, 2014 at age 62, with 25 Pension Credits (18 years after January 1, 1993 and 7 years before January 1, 1993), the life annuity form of your benefit will be \$2,845.00 per month ($18 \times \$125.00 + 7 \times \85.00).

Modification to Pension Benefits Currently in Pay Status

The Board actively monitors the financial status of the Pension Plan and carefully considers any potential changes to the Plan. Under federal law, the Plan's funded status must be certified annually and certain actions must be taken when the funded status does not meet certain levels. This Plan continues to be classified in the "green zone," where no mandatory actions are required. Given the Plan's current funded position, the Board of Trustees approved a one-time award of \$1,000 to each Pensioner, surviving Spouse, eligible Alternate Payee, and Beneficiary receiving Pension payments on December 1, 2013.

Plan Changes Due to Change in Federal Law Regarding Same-Sex Marriage

The Supreme Court has ruled that Section 3 of the federal Defense of Marriage Act (DOMA) is unconstitutional. As a result, the federal government must now recognize same-sex marriages that are valid under state law, and federal benefits and protections for married individuals must be extended to individuals in same-sex marriages as well. The Board of Trustees is making several changes to the Plan to comply with this change in federal law. Foremost among such changes, effective July 21, 2013, the Plan

defines "Spouse" to include an individual to whom a Participant is legally married under the laws of the state in which the marriage took place, regardless of that individual's sex.

What This Means to You

If you are legally married to a person of the same sex, this means your spouse will now be treated as a "Spouse" under the Plan. This generally means your Spouse will receive any surviving Spouse benefits payable upon your death. It also means you must obtain your Spouse's written consent to elect a form of payment other than an 80% Participant and Spouse Pension or to name a Beneficiary other than your Spouse to receive any other benefit payable under the Plan. This consent must be witnessed by a notary public or a Plan representative.

Reminders Regarding Current Plan Provisions

Suspension of Benefits Notice for Participants Who May Be Eligible for a Regular Pension at Normal Retirement Age

This notice is important for any Participant covered by the International Union of Operating Engineers Local 4 and Its Branches Pension Plan who is nearing Normal Retirement Age (currently 62).

The Pension Plan only pays benefits to Participants who retire and apply for them. When you reach Normal Retirement Age, you can begin receiving your pension whenever you wish to stop working. However, you should know that unless you stop working and apply for them, no benefits will be paid until you reach your Required Beginning Date. Your Required Beginning Date is April 1st of the calendar year after the calendar year in which you reach age 70½. After reaching age 70½, you must contact the Funds Office and arrange to begin collecting your accrued benefit, even if you will continue to work in Covered Employment.

When your pension does start, it will not include payments for any month in which you have had at least 40 hours of service covered by the Plan. (This is also true for any month in which you work at least 40 hours for a non-contributing employer in the operating engineer industry in Eastern Massachusetts and certain counties of New Hampshire and Maine.) Technically this is called a "suspension of benefits."

Of course, as long as you continue working under the Plan, you will continue to earn Pension Credit toward your benefit when you retire. However, there will be no make-up payments or actuarial increase to reflect the fact that you did not receive pension benefits during the period of your continued employment, when you could have instead retired and begun receiving benefits.



The Plan's suspension of benefits rules (including the types of employment that result in a suspension of benefits) are set forth more fully in Sections 6.10 and 6.11 of the Plan document. For a copy of these Sections, please contact the Funds Office. This notification is provided to you pursuant to U.S. Department of Labor Regulations, 29 C.F.R. 2530.203-3. Under the law, you may request a review of any suspension of benefits. This notice does not guarantee that you are eligible for a pension from the Plan. That determination will be made by the Plan's Board of Trustees when you actually apply for a pension. If you have any questions regarding this notice or the Plan's suspension of benefits rules, please contact the Funds Office.

Rules Regarding Participants Who Die or Become Disabled on or after January 1, 2007 While Performing Qualified Military Service

The Plan provides that if you leave Covered Employment to perform service for the United States armed forces that constitutes "Qualified Military Service," and you return to Covered Employment within a specified time after your military service ends, you will receive credit under the Plan for such military service to the extent required by federal law. This generally means one year of Vesting Service and one Pension Credit for each full year of Qualified Military Service, and pro-rated credit for each partial year of Qualified Military Service (assuming 85 hours for each calendar month).

If you die or become disabled while performing Qualified Military Service on or after January 1, 2007, you will be treated as if you had returned to Covered Employment on the day before the day that you died or incurred such disability, then terminated employment on the date of your death or disability. This means you will be credited with Vesting Service and Pension Credit for the period of your Qualified Military Service though you did not actually return to Covered Employment.

Additionally, if you die on or after January 1, 2007 while performing Qualified Military Service, then for purposes of determining the lump sum death benefit payable under the Plan (if any), you will also be treated as if you had returned to Covered Employment on the day before your death, then terminated employment on the date of your death.

If you have questions about the Plan's rules regarding credit for Qualified Military Service, please contact the Funds Office.

Lump Sum Death Benefit for Inactive Participants

If you do not earn at least $\frac{1}{4}$ Pension Credit in the 36-month period before the date of your death, you will be considered "inactive" for purposes of determining the lump sum death benefit (if any) payable to your Spouse or, if you do not have a Spouse, your Beneficiary.

The lump sum death benefit for inactive Participants is payable only if:

1. you have a Vested Right to a pension; and
2. you die after you have reached Normal Retirement Age but before you have retired and begun receiving benefits, and before April 1 of the calendar year after the calendar year in which you reach age 70½; and
3. you are an inactive Participant at the time of your death; and
4. your Spouse will not receive a Preretirement Surviving Spouse Pension.

If you die on or after January 1, 2011, the benefit payable to your Spouse or Beneficiary will be 12 times the amount of the unreduced monthly benefit you could have received if you had retired at Normal Retirement Age. For Participants who died before January 1, 2011, the benefit payable was equal to the unreduced monthly benefit the Participant could have received at Normal Retirement Age multiplied by the number of complete calendar months between the Participant's Normal Retirement Age and his date of death (not counting any months during which the Participant's benefit was suspended).

In Summary

We encourage you to keep a copy of this notification with your SPD for future reference. If you have any questions about these benefits or the recent changes made to the Plan, please call or write the Funds Office at the following address or phone number:

IUOE Local 4 Pension Plan
16 Trotter Drive, P.O. Box 680
Medway, MA 02053-0680
508-533-1400 x121
office@local4funds.org

We encourage you to keep a copy of this notification with your SPD for future reference. If you have any questions about these benefits, please call or write the Funds Office. As always, the Board of Trustees is committed to providing you with a retirement plan that will help you meet your retirement needs.

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