



INTERNATIONAL UNION OF OPERATING ENGINEERS
LOCAL 4
Health and Welfare, Pension, and Annuity Funds

November 2020

Your Summary Plan Description (“SPD”) document provides you with detailed information to help you understand your pension benefits. This notification summarizes updates made to the SPD as a result of changes that were approved by the Board of Trustees of the Pension Plan. If you do not have a copy of the SPD, please visit our website at www.local4funds.org.

The Setting Every Community Up for Retirement Enhancement Act of 2019 (“SECURE Act”) has raised the age for determining the date as of which Plan participants or beneficiaries must begin receiving their pension benefit from 70 ½ to 72. This change is applicable with respect to participants reaching age 70 ½ on or after January 1, 2020 (i.e., “affected participants”).

As a result of this change, payments to an affected participant that would have been required to begin by April 1 of the calendar year after the participant turned 70 ½ must now begin by April 1 of the calendar year after the participant turns 72. In addition, the surviving spouse of an affected participant may now delay payment of a Preretirement Surviving Spouse Pension until the beginning of the month in which the participant would have reached age 72, rather than the month the participant would have reached age 70 ½. Similarly, if an affected participant’s surviving spouse is the sole designated beneficiary entitled to receive a lump sum death benefit, the last possible date for distribution to that surviving spouse is now the later of December 31 of the year immediately following the year of the participant’s death, or December 31 of the year in which the participant would have attained age 72 (rather than age 70 ½).

Please contact the Funds Office at 508-533-1400 if you have any questions about this change.

The following section of this PensionLine is informational only and does not affect the Plan Document or Summary Plan Description.

As you may be aware, the Board of Trustees overseeing the Pension Plan has resolved from time to time to extend a one-time, supplemental payment to retirees and beneficiaries in pay status as of a particular date. Each time one of these post-retirement benefit supplements has been issued, the Trustees had carefully reviewed the surrounding facts and circumstances and determined that issuing that one-time supplemental payment was advisable in light of the Board’s duty to operate the Plan and protect its assets in a manner that benefits current and future participants and beneficiaries alike. Calendar year 2020 has brought unprecedented challenges to all of us, including the members of Local 4 and the Pension Plan. After careful consideration of the factors outlined below, the Board of Trustees has unanimously decided that conditions do not support approving a supplemental payment to retirees and beneficiaries this year.

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- When the COVID-19 pandemic hit New England in earnest in mid-March 2020, many contractors were forced to cease operations, and the City of Boston and surrounding communities shut down ongoing projects. As a result, many of Local 4's members went without a paycheck for much of the months of March, April, and May, until work slowly began to resume in June.

- To limit the potential harm to active participants' Pension Plan benefits as a result of the COVID-19 work stoppages and slowdowns, the Board of Trustees voted earlier this year to credit participants who could show they were unemployed as a result of the pandemic in April and/or May with up to 30 hours for each week during that period in which they remained unemployed. This decision to protect participants' future pension benefits will necessarily increase the Plan's future costs.

- At the same time, the mass layoffs suffered by these active participants considerably reduced the Plan's income from employer contributions in the first half of 2020. This contribution income, which helps to fund the Plan's current and future costs, was down nearly 10% in the first six months of this year, as compared with the first six months of 2019.

- The Plan also relies on investment income to fund its current and future costs. After several years of positive growth, the value of the Plan's investments dropped (along with the rest of the stock market) in the first half of 2020. Overall, the stock market fell by nearly 20% in March before beginning a slow recovery. Sound investment decisions made in past years have helped so far to limit the Plan's losses and to further its recovery, but the Trustees do not expect the Plan will see the same investment gains in 2020 as it has in past years. The Trustees are also aware that uncertainties related to the presidential election and the resurgence of COVID-19 across the country may result in further market shifts before the end of the year.

- Until now, the Local 4 membership has met as a body each fall and has, in years when the question arose, voted whether to allocate a portion of the active participants' next scheduled wage increase toward funding a one-time supplemental payment for the benefit of retirees and beneficiaries. If the vote passed, the active participants (many of whom were laid off for some portion of the year, as explained above) would forego a portion of their future wages in order to provide an additional benefit to the Plan's retirees and beneficiaries. This year, due to the ongoing pandemic and related restrictions, the members of Local 4 have not been able to meet as a body since February to vote on anything, including whether to divert a portion of the active participants' future wages toward funding a supplemental benefit for retirees and beneficiaries.

Given these considerations and as indicated above, the Board of Trustees has unanimously concluded it would not be prudent to approve the issuance of a one-time, post-retirement benefit supplement in 2020. We recognize this will not be happy news for our retirees and beneficiaries, but we hope all Plan participants can appreciate the concerns that led the Trustees to make this determination.

We join you in hoping that 2021 brings better news on many fronts.

Board of Trustees

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