# Carpenters Retirement Plan of Western Washington

## Summary of Material Modifications

**December 11, 2006**

The Board of Trustees made three changes to the Carpenters Retirement Plan of Western Washington including an important benefit increase and a one-time bonus check for retirees. These three changes are summarized below.

### Benefit Factor Increased From 1.5% to 2.0% For 2005-2006

The benefit factor for 2005 and 2006 was retroactively increased from 1.5% of employer contributions to 2.0% of contributions. For non-retired participants, the increase will be reflected on the March 2007 benefit statements. For retired participants with 2005 and/or 2006 pre-retirement and/or post-retirement hours (500+ hours only), the monthly benefit increase will be reflected on the January 1, 2007 monthly benefit check or direct deposit. A retroactive payment will also be made to the appropriate retirees. 2006 post-retirement service will not be processed until March 2007. The benefit factor remains at 1.5% of employer contributions for 2007 and forward.

### 13th Check For Retirees

A one-time 13th or bonus retirement check will be paid to all retirees and beneficiaries with a retirement date not later than December 1, 2006. The payment amount is the *greater* of one-half of the monthly benefit or $250. The payment will be direct deposited or mailed later in the month. A separate letter to those receiving a 13th check will be provided.

### Heinz Amendment

The Heinz amendment refers to the recent changes to the suspension of benefit rules of the Carpenters Retirement Plan of Western Washington ("Plan").

#### Suspension of Benefit Rules Before Amendment by Trustees

*Retirees Under Age 65*. The Plan provides a monthly pension payment to retirees. Before amendment by the Trustees, pension payments of retirees under age 65 were suspended in any month (or four- or five-week payroll period ending in a calendar month) in which the retiree worked 40 or more hours *anywhere* for wages or profit in the building and construction industry ("40 hour rule"). In the alternative, a retiree who returned to work anywhere in the building and construction industry could elect to work 480 hours in the calendar year, and monthly benefits would thereafter be suspended for three consecutive months commencing with the month in which he worked more than 480 hours, plus one additional month for each month remaining in that calendar year in which he worked one or more hours.

*Retirees Age 65 and Older*. For retirees age 65 and over, pension payments were not suspended if the retiree worked 480 hours or less during the calendar year. If the retiree worked more than 480 hours during a calendar year in the building and construction industry in the geographic area covered by the Plan, monthly benefits were suspended for any month remaining in that calendar year in which the retiree worked 40 hours or more (including the month in which his hours exceeded 480 hours, if applicable).

#### Suspension of Benefit Rules After Amendment by Trustees

A recent case from the U.S. Supreme Court, *Central Laborers Pension Fund v. Heinz,* prompted the Internal Revenue Service ("IRS") to require that multiemployer plans modify their suspension of benefit rules. In

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response, the Trustees amended the Plan's suspension rules. The amendment is effective for pension payments on and after June 1, 2004.

The amendment does not affect retirees who have attained age 65. If you are age 65 or older, or once you attain age 65, the "Suspension of Benefit Rules Before Amendment by Trustees," as stated above, applies to you.

For retirees under age 65, the following rules will apply:

*Benefits earned on or after January 1, 1993* will be suspended under the pre-amendment rules. This means that benefits will be suspended if a retiree works more than the maximum hours allowed by the Plan *anywhere* in the building and construction industry, regardless of whether the work is performed inside or outside the geographic area of the Plan.

*Benefits earned prior to January 1, 1993* will only be suspended if a retiree works more than the maximum hours allowed by the Plan in the building and construction industry *in the geographic area covered by the Plan*.

This means that for retirees who have not attained age 65, the Plan will apply two different suspension rules: one to the portion of the benefit earned before January 1, 1993, and a second to the portion of the benefit earned on or after January 1, 1993. In some cases, a retiree who returns to work may be entitled to continue receiving the portion of his benefit earned before January 1, 1993, while the portion of the benefit earned on or after January 1, 1993 is suspended.

*Rule of 80 Retirees*. As described in more detail in the Plan booklet, a "Rule of 80" early retiree whose pension payments are suspended before reaching age 65 has his monthly benefit recalculated. The recalculated benefit does not include the "Rule of 80" benefit enhancement. However, under the amendment adopted by the Trustees, only the portion of the benefit that was suspended will be recalculated to exclude the "Rule of 80" benefit enhancement.

**Impact on Participants**

The Trust Office will review its files and determine if any retired participants have been impacted by this technical change since June 1, 2004, when it became effective. The Trust Office will contact all retired participants who were affected by this change.

The IRS, however, also requires certain relief for active participants. If you were eligible to retire on or after June 1, 2004, but you did not apply because your benefits would have been suspended, the Plan will allow you to retire retroactive to June 1, 2004 (or to the earliest date you were eligible to retire, if later). To qualify for retroactive retirement, you must demonstrate that you were employed in work for which benefits would have been suspended under the old rules, but would not be suspended under the amended rules. If you are interested in this option, you must contact the Trust Office and submit a completed retirement application by July 1, 2007.

**Requirement to Notify Trust Office of Return to Work**

If you are retired and return to work in suspendable employment, as described above, you must notify the Retirement Department at the Trust Office during the first calendar month in which you work. If you fail to notify the Trust Office when you work in suspendable employment, the Plan will presume that you worked 40 hours or more in that month and each month thereafter, unless and until you provide evidence to the contrary.

**Further Information Can Be Obtained by Contacting the Trust Office**

If you have further questions, or would like additional information, please contact the Retirement Department at the Trust Office at (206) 441-6514 or (800) 552-0635.