

Locals 302 and 612 of the International Union of Operating Engineers Trust Funds

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Administered by
Welfare & Pension Administration Service, Inc.

December 14, 2020

**TO: All Participants
Locals 302 and 612 of the International Union of Operating Engineers –
Employers Construction Industry Retirement Trust**

RE: Notice of Changes to Benefits and Summary of Material Modification

Retired Participants: If you are already retired and receiving benefits from the Plan, your benefits will **not** be affected by this change, *unless you return to work and earn additional service after December 31, 2020.*

1. Supplemental Contributions Under Certain Bargaining Agreements – No Change To The Current Benefit Accrual Formula

The Trustees continuously monitor the Plan benefit design and funding of the Plan. In this effort, the Trustees have been made aware that certain collective bargaining agreements have added a Memorandum of Understanding which designates “Supplemental” contributions to the Retirement Plan effective for hours worked on and after January 1, 2021. These Supplemental contributions are temporary and have been negotiated by the bargaining parties to aid in the overall health and funding of the Plan.

Presently, you accrue a benefit based on the following formula: 1.5% of 75% of the employer contributions made for Covered Hours of Employment (the remaining 25% is allocated to funding). Neither the 1.5% accrual rate nor the 25% allocated to funding is changing.

Effective for hours worked on and after January 1, 2021 and until such time as the bargaining parties end the Supplemental contributions, the Board has amended the Plan to provide that these contributions will not be benefit-accruing. The Supplemental increase in the hourly contribution rate will apply only to those hours worked under the collective bargaining agreements which adopt an MOU allocating the supplemental hourly contributions.

Example:

Under the Master Labor Agreement between Operating Engineers, Local 302 & 612 and the AGC of Washington (Master Labor Agreement) the hourly retirement contribution allocation is \$13.15. In a Memorandum of Understanding signed October 23, 2020, the bargaining parties have agreed to terms under which signatory employers to the Master Labor Agreement will make a \$2.00 Supplemental contribution. This Supplemental contribution will not accrue a benefit.

If an employee works under the Master Labor Agreement on and after January 1, 2021 (and until the bargaining parties change this Agreement) his or her hours will be reported with contributions at the rate of \$13.15 + \$2.00/hour. The retirement benefit will continue to accrue at the current formula:

Hours worked x (\$13.15 x .75) x .015 = Future Service benefit credit

The Supplemental \$2.00/hour will go to funding the Plan, only.

2. Participants Must Complete 500 Covered Hours of Employment to Accrue a Benefit in a Plan Year

Currently, an employee earns a benefit for every hour for which their employer contributes to the Plan on their behalf.

Effective on and after January 1, 2021, employees generally will earn a benefit only if they complete a year of Credited Future Service. Effective January 1, 2021, employees earn a year of Credited Future Service in each plan year in which they complete 500 or more Covered Hours of Employment. If you complete fewer than 500 Covered Hours of Employment in a plan year beginning January 1, 2021 or thereafter, you will not earn a year of Credited Future Service nor will you earn any benefit accrual for that plan year.

An exception applies for the year in which you retire. The 500-hour requirement does not apply in the year in which you elect to retire. You will receive a benefit accrual for Covered Hours of Employment worked in the calendar year you retire, even if you work less than 500 hours in that year.

3. Minimum to Earn Year of Service for Vesting is Increased from 250 to 500 Hours of Service

You must earn five Years of Service to vest in your Plan benefit. Currently, an employee must complete 250 Hours of Service to earn a Year of Service in the Plan. Effective on and after January 1, 2021, the Plan has been amended to provide that employees must complete 500 Hours of Service in order to earn a Year of Service toward vesting.

Hours of Service are credited for both Covered Hours of Employment and Uncovered Hours of Employment (i.e., employment for which a contribution to the Plan is required and those for which it is not). An employee may also earn up to four Years of Service for continuous service with their employer immediately before participating in the Plan. Each Year of Service counts toward vesting.

If you complete fewer than 250 Hours of Service in a plan year, you would experience a one-year Break-in-Service. An employee who is not yet vested and experiences five consecutive one-year Breaks in Service, permanently forfeits any credits they earned in the Plan. If you have already vested, no forfeiture occurs.

With no change in the hours threshold to experience a one-year Break-in-Service (250) and an increase in the hours requirement to earn a Year of Service (500), starting in 2021, you will not suffer a one-year Break-in-Service but will not earn a Year of Service toward vesting if you complete at least 250 but less than 500 hours during a plan year.

4. Minimum to Earn Year of Credited Future Service for Eligibility for Early Retirement and Disability Retirement is Increased from 250 to 500 Hours of Service

Credited Future Service is used to determine whether an employee is eligible for early and disability retirement benefits.

To be eligible for a Disability Retirement Date or an Early Retirement Date you must complete 10 or more years of Credited Service or 15,000 Covered Hours of Employment. As indicated above, beginning January 1, 2021, you will need to complete 500 or more Hours in Covered Employment to earn a year of Credited Future Service (previously only 250 covered hours was needed). This means that on and after January 1, 2021, you will need to complete 500 hours in each plan year to continue to earn additional years of Credited Future Service toward eligibility for Early Retirement or Disability Retirement. The 15,000 Covered Hour of Employment rule has not changed.

For More Information

This notice is provided in accordance with Section 204(h) of the Employee Retirement Income Security Act of 1974, as amended, and Section 4980F of the Internal Revenue Code of 1986, as amended. This notice is also a summary of material modifications to the 2017 Edition of the Summary Plan Description. Please keep this notice with your booklet. If you have any questions concerning the benefits described in this notice, or Plan benefits in general, you may visit our website at www.engineerstrust.com, write the Trust Administration Office at the address indicated above, or call one of the following pension representatives at (206) 441-7314 or (877) 441-1212:

If your last name begins with the letter:

A-J	Rosie Grant	Extension 3202
K-Z	David Spradlin	Extension 3211

Sincerely,

**Board of Trustees
Locals 302 and 612 of the International Union of Operating
Engineers-Employers Construction Industry Retirement Plan**

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