



Carpenters Southwest Administrative Corporation

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www.carpenterssw.org

December 1, 2014

To All Southwest Carpenters Pension Plan Participants:

This is to inform you of changes to the Southwest Carpenters Pension Plan (“Plan”) that may, and likely will, affect the amount of your monthly pension benefits accrued under the Plan after 2014.

What are the changes?

1. The first change is that Pension Credit will no longer be granted for periods of disability during a period in which California State Disability Income or weekly disability benefits from the Southwest Carpenters Health and Welfare Trust were payable to you. This change is effective for any such period of absence from Covered Employment occurring on or after January 1, 2015.
2. The second change is that the amount of pension benefits you accrue in the future will depend on both the number of hours you work during the year and the hourly rate of contributions your employer is required to make to the Southwest Carpenters Pension Trust (“Trust”) on your behalf. This change is effective January 1, 2015, for all monthly pension benefits earned on or after that date. Monthly pension benefits earned before 2015 will continue to be based upon the formulas in effect prior to the changes described in this Notice.

What are the steps for calculating your monthly pension benefit accrual after 2014?

1. The first step is to determine your actual average hourly contribution rate for a calendar year commencing with 2015 by dividing the total dollar amount of employer contributions owed for your work in Covered Employment by the number of hours you worked in Covered Employment during the calendar year.
2. The second step is to find, in the following table, the Average Contribution Rate and the Benefit Factor which applies to your actual average hourly contribution rate in the calendar year as determined in step 1. This is done by finding the Average Contribution Rate which your actual average hourly contribution equals or exceeds, without equaling or exceeding the next higher Average Contribution Rate. Your Benefit Factor for the calendar year is provided to the right of the applicable Average Contribution Rate.

Example: Your actual average hourly contribution rate is \$1.24. Your Average Contribution Rate in the table below is \$1.00 and your Benefit Factor is .2500.

Average Contribution Rate	Benefit Factor
\$ 1.00	.2500
1.25	.3125
1.50	.3750
1.75	.4375
2.00	.5000
2.25	.5625
2.50	.6250
2.75	.6875
3.00	.7500
3.25	.8125
3.50	.8750
3.75	.9375
4.00	1.0000
Over \$4.00	1.0000

3. The next step is to locate in the table below the bracket in which the number of your Hours Worked in Covered Employment in the calendar year falls, and identify the corresponding Benefit Accrual Rate provided to the right.

Example: You worked 750 hours, you are in the second bracket, and your Benefit Accrual Rate is \$38.99.

Hours Worked in Covered Employment During Calendar Year	Benefit Accrual Rate
Under 700	None
700-799	\$38.99
800-899	44.56
900-999	50.00
1,000-1,099	55.69
1,100-1,199	61.26
1,200-1,299	66.81
1,300-1,399	72.39
1,400-1,499	77.96
1,500-1,599	83.53
1,600-1,699	89.09
1,700-1,799	94.66
1,800 and over	100.00

4. The final step is to multiply your Benefit Factor by your Benefit Accrual Rate.

Example 1:

Jake works 1,200 hours in 2015 at an actual average hourly rate of \$3.20 per hour. Therefore his Average Contribution Rate is \$3.00, with the result that his Benefit Factor is .7500. Because Jake worked 1,200 hours, his Benefit Accrual Rate under the second table above is \$66.81. The monthly pension benefit accrued by Jake in 2015 is \$50.11 ($\$66.81 \text{ Benefit Accrual Rate} \times .7500 \text{ Benefit Factor} = \50.11). Under the benefit formula in effect before the 2015 change, Jake would have accrued \$66.81 for the year.

Example 2:

Rudy works 1,600 hours in 2015 at an actual average hourly rate of \$3.50 per hour which is therefore his Average Contribution Rate under the first table above. The benefit accrued by Rudy in 2015 is \$77.95 ($\$89.09 \times .875 = \77.95). Under the benefit formula in effect before the change, Rudy would have accrued a monthly pension benefit of \$89.09 for the year.

Example 3:

Rafael works 1,450 hours in 2015 at an average rate of \$4.00 per hour. The benefit accrued by Rafael in 2015 is \$77.96 ($\$77.96 \times 1.00 = \77.96). Under the benefit formula in effect before the change, Rafael would have accrued a monthly pension benefit of \$77.96 for the year.

Example 4:

Before 2015 Paul works under a contract and has hourly contributions of \$3.76 paid to the Pension Plan and \$5.20 per hour is contributed to the Health & Welfare Plan by Paul's employer. Beginning with hours worked in 2015, the terms of the contract provides that contributions can be redirected from the Pension Plan to the Health & Welfare Plan to ensure that a contribution rate of \$6.10 per hour goes to the Health & Welfare Plan. Thus, beginning January 1, 2015, \$0.90 will be moved from Pension to Health and the hourly rate paid to Pension is reduced from \$3.76 to \$2.86 for Paul. The pension benefit earned for a year of 1,800 hours worked at an hourly rate of \$2.86 is \$68.75 instead of \$93.75.

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Required Notice Under ERISA Section 204(h)

This notice concerning pension rights under the Southwest Carpenters Pension Plan is being issued in accordance with Section 204(h) of the Employee Retirement Income Security Act ("ERISA"). Please read this notice carefully.

This communication is intended only to provide highlights of benefit changes that will become effective January 1, 2015. In the event of any inconsistency between this communication and the official Plan documents, the terms of the official Plan documents, as interpreted by the Board of Trustees in its sole discretion, will control. The Board of Trustees reserves the right to amend, modify or terminate this Plan at any time.

Aviso a los participantes que hablan Español: *Si tiene alguna pregunta tocante este aviso, por favor de comunicarse con la Oficina Administrativa al (213) 386-8590 o (800) 293-1370, donde habrá varios representantes bilingües que le ayudarán.*