

Arizona State Carpenters' Trust Funds

PENSION TRUST FUND OFFICE

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9/15/2021

IMPORTANT ANNOUNCEMENT CONCERNING THE MERGER

of the

PENSION PLAN OF THE ARIZONA STATE CARPENTERS PENSION TRUST FUND

into the

SOUTHWEST CARPENTERS PENSION PLAN

TO ALL PARTICIPANTS of the PENSION PLAN OF THE ARIZONA STATE CARPENTERS PENSION TRUST FUND:

Effective on December 31, 2021 at 11:59 p.m. Pacific Standard Time (the “**Merger Closing Date**”), the **Pension Plan of the Arizona State Carpenters Pension Trust Fund** (“**Arizona Plan**”) will merge into the **Southwest Carpenters Pension Plan** (“**Southwest Plan**”). This announcement describes how the merger affects your rights to benefits from the Arizona Plan immediately after the Merger Closing Date.

A more complete description of the provisions and the benefits provided by the Arizona Plan is found in the March 2018 summary plan description (“SPD”) of the Arizona Plan. A copy of the SPD for the Arizona Plan as well as the January 1, 2016 SPD of the Southwest Plan is available upon request from the Carpenters Southwest Administrative Corporation (“CSAC”) at the address shown at the end of this announcement and from the CSAC website: <https://carpenterssw.org>

Preservation of Your Pre-Merger Accrued Benefits

The merger does not reduce the benefits you accrued under the Arizona Plan before 1984 that you are still entitled to as of the Merger Closing Date. This includes the benefits you accrued as of December 31, 1983 which is the date that the Arizona Plan became “frozen.” As a result of the freeze, no new participants or contributions were added to the Arizona Plan after 1983.

The terms of the Arizona Plan, as amended to the Merger Closing Date, will be applied to determine your eligibility for and the amount of benefits earned under the Arizona Plan before 1984.

Following are highlights of the benefit provisions that continue to apply to the benefits you have accrued under the Arizona Plan before it became frozen effective December 31, 1983 (the “Freeze Date”). For more information, please refer to the March 2018 Summary Plan Description of the Arizona Plan.

- 1. Full Vesting in Arizona Plan benefits accrued before 1984.** Effective December 31, 1983, all Arizona participants became vested in their Arizona Plan benefits provided they had not incurred a permanent break in service as of December 31, 1983.

2. **The right to an Unreduced Pension at Age 60.** The right under the Arizona Plan to receive an unreduced Regular Pension on or after age 60 is preserved. The pension benefit amount is computed at \$16.00 per month for each full year (or \$4.00 for each quarter) of Past Service Credit and \$20.50 per month for each full year (\$5.125 for each quarter) of Future Service Credit. Only the most recent 30 years of Pension Credit earned will be used in calculating the Regular Pension.

3. **Early Retirement Reduction Factors.** The AZ Plan's reduction factors for early retirement are preserved. Early retirement pensions are reduced by 1/4% for each month that the retiring participant is younger than age 60 but not younger than age 58, plus 1/2% for each month the retiring participant is younger than age 58.

The percentage adjustment for Early Retirement is shown in the following table:

Age on Effective Date of Pension	Percentage of Regular Pension
55	76%
56	82%
57	88%
58	94%
59	97%

4. **Disability Pension.** Disability benefits for Arizona Participants who become Totally Disabled after the Closing Date will be determined according to the Southwest Carpenters Health and Welfare Plan which provides a Long-Term Disability benefit to participants who become Totally Disabled prior to eligibility for an unreduced pension from the Southwest Plan. Eligibility for the LTD benefit requires 5 Years of Credited Service (without a Permanent Break in Service), 500 hours of service since the participant's Contribution Date, and (a) at least 350 hours in the 12-month period before total disability, or (b) having earned at least 3/12ths of Future Service Credit in each of the 3 Calendar Years in the 5 consecutive calendar years prior to the calendar year in which the participant became totally disabled. The Southwest Carpenters Health and Welfare Plan definition of Totally Disabled is comparable to the Arizona Plan.

5. **The Normal Forms of Payment under the Arizona Plan will be preserved.**

The normal forms of payment offered by the Arizona Plan are as follows:

- **Single Life Annuity with 36 months guaranteed** for single participants.

- **50% Husband and Wife Pension for married participants** - Under the Arizona Plan, the normal form of payment to a married participant is a 50% Husband and Wife Pension.

The benefit is reduced to 89% of the value of a single life annuity plus or minus .4% for each year the spouse is younger or older than the Participant.

For disabled lives, the 50% Husband and Wife Pension is reduced to 79% of the value of a single life annuity plus or minus .4% for each year the spouse is younger or older than the Participant. An additional .5% is added to the percentages above where the Participant is younger than age 55.

6. The following Optional forms of payment under the Arizona Plan will be preserved.

- **75% Optional Survivor Annuity** – Married Participants may elect to receive their Arizona Plan in this form. The benefit is reduced to 84% of the value of a single life annuity plus or minus .5% for each year the spouse is younger or older than the Participant.

For disabled lives, the 75% Optional Survivor Annuity is reduced to 71% plus or minus .5% for each year the spouse is younger or older than the Participant.

- **Joint and Survivor Options with Non-Spouse Beneficiary.** The following optional forms of payment are available to unmarried participants who are eligible for a Regular or Early Retirement Pension if they waive the 36-month guaranteed single life annuity. These options do not take effect until 36 months after the Administrative Office has received the Participant's election. If a Joint and Survivor Option is elected within 36 months of the first payment, the benefit will be paid in the "single life" (36-month) payments form until the 36-month period has expired.
 - **100% Joint and Survivor Option** - The Arizona Plan offers a 100% lifetime annuity to a surviving non-spouse beneficiary reduced to 80% plus or minus .6% for each year the beneficiary is younger or older than the participant.
 - **66-2/3% Joint and Survivor Option** – The Arizona Plan offers a 66-2/3% lifetime annuity to a surviving non-spouse beneficiary reduced to 86% plus or minus .5% for each year the beneficiary is younger or older than the participant.
- **Lump Sum Cash-out.** A lump sum is the only form of benefit where the actuarial present value of the benefit at the time of payment does not exceed \$5,000.

7. **Death Benefits.**

- **Death Before Retirement (36-Month Benefit):** Under the Arizona Plan the designated beneficiary of an unmarried Participant who dies after vesting but prior to retirement is entitled to the 36 monthly payments that would have been payable to the Participant if he had survived and retired at age 60. The benefit is effective with the first month following the date of death.

- **Pre-Retirement Surviving Spouse Annuity:** Under the Arizona Plan, the surviving spouse of a vested participant will be paid a lifetime annuity equal to one-half of the monthly benefit that would have payable under the Husband and Wife Pension except that if the participant dies before age 55, calculation and payment of the surviving spouse's monthly annuity is deferred until the participant would have attained age 55.
- **Death After Retirement (36 Payment Death Benefit):** Under the Arizona Plan, if a Participant dies after retirement but before receiving 36 monthly payments, the surviving beneficiary will receive the remaining months, if any, of the 36-month benefit.
 - In lieu of the foregoing amount, benefits to the surviving beneficiary are payable under the optional 66-2/3% and 100% Joint and Survivor Option if one of those forms was elected. See paragraph 6 above.
- **Post-Retirement Annuity Payable to Surviving Spouse (Husband-and-Wife Pension):** The spouse of the Participant who was married at the time of retirement will receive a lifetime monthly annuity equal to 50% or 75% of the benefit elected at the time of retirement. However, if the Participant elected the single life annuity, no benefits are payable to the surviving spouse after the Participant dies other than the remaining months, if any, of the 36-month single life annuity.
- The Southwest Plan pays a \$1,000 death benefit upon the death of a Retired Employee provided they had earned at least ten years of Southwest Plan Pension Credit at the time they retired.

8. Suspension of Benefits. The Arizona Plan's suspension of benefits rules are preserved for the Arizona Plan benefits. Before Normal Retirement Age, prohibited employment includes any work for wages or profit either in the type of work covered by the Collective Bargaining Agreement or in the construction and related industries. A temporary Retiree Work Rule permits all Arizona pensioners of any age to work up to 99 hours per month in prohibited employment until December 31, 2021 at which time it expires.

- Prohibited Employment after Normal Retirement Age and before Required Beginning Date includes work in excess of 40 hours per month in the same industry, in the same trade or craft, and in the same geographic area covered by the Plan (the State of Arizona).

Under the Arizona Plan, there is a right to work outside the State of Arizona on and after age 65 with no suspension of benefits.

9. Reciprocity and Pro-Rata Pensions –The Arizona Benefits and the Southwest Benefits of an Arizona Participant will be determined in accordance with the terms of all historical reciprocity agreements.

10. Related Plan Credit.

Employer contributions to the Arizona Plan for all hours worked on and after January 1, 2003 in covered employment were redirected to the Southwest Plan. The pension credits earned under the Arizona Plan before January 1, 2003 will continue to be treated as Regional Pension Units to the extent provided by Article XII of the Southwest Plan. Thus, an Arizona Participant's Vesting Service and Pension Credits will be combined with the years of Vesting Service and Pension Credits earned under the Southwest Plan if necessary to satisfy the vesting and eligibility conditions for Southwest Benefits.

11. The Southwest Plan's Claims and Appeals Procedures will apply to all claims filed on and after the Merger Closing Date.

You may not file a lawsuit for benefits until you have exhausted the claim and appeal procedures and a final decision has been made on your appeal, or until an appropriate time has elapsed without a final decision being rendered on your claim or appeal. Any civil action to recover benefits under ERISA must be filed not later than the first anniversary of the date the written notice of benefit determination on review is issued by the Southwest Trust. Any lawsuit filed against the Southwest Trust must be filed in an appropriate court in Los Angeles County, California.

12. Adjustment for Delayed Commencement of Benefits beyond your Normal Retirement Age or your Required Beginning Date. Any benefits that are not subject to suspension which are delayed beyond your Normal Retirement Age will be actuarially increased for each month between your Normal Retirement Age and your pension effective date. The actuarial increase will be 1% per month for the first 60 months after Normal Retirement Age and 1.5% per month for each month thereafter until you attain your Required Beginning Date.

Effective January 1, 2020, the Required Beginning Date for Participants born on or after July 1, 1949 is April 1 of the Calendar Year following the Calendar Year in which the Participant reaches age 72. For Participants born before July 1, 1949, the Required Beginning Date is April 1 of the Calendar Year following the Calendar Year in which the Participant reaches age 70½.

13. The Board of Trustees of the Arizona Plan has rescinded the policy regarding distribution of excess assets to the extent the value of assets (market or actuarial whichever is less) exceeds the liability for all accrued benefits using the valuation interest assumptions increased by 10%.

Where to get more information

Beginning January 1, 2022, the administrative office will officially change to the following office:

Carpenters Southwest Administrative Corporation (CSAC)

533 South Fremont Avenue
Los Angeles, CA 90071-1706
(213) 386-8590
(800) 293-1370

Call Center Hours of Operation:

9:00 a.m. - 4:00 p.m. (Mountain) 8:00 a.m. to 5:00 p.m. (Pacific)

www.carpenterssw.org

However, Arizona Plan participants or beneficiaries can begin calling CSAC for assistance as early as December 9, 2021. To apply for benefits from the Arizona Plan or to obtain copies of plan documents, please contact the administrative office at the above address.

Important Notice for New Pension Applicants:

In order to receive your first monthly pension check by December 1, 2021, Zenith-American Solutions must receive your Pension application no later than October 1, 2021. Applications received after this date will be forwarded to CSAC for processing with the earliest payment occurring February 1, 2022.