



# Centennial State Carpenters' Pension Trust Fund

ADMINISTRATION OFFICE

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IMPORTANT ANNOUNCEMENT CONCERNING  
MERCER OF THE  
PENSION PLAN OF THE CENTENNIAL STATE CARPENTERS PENSION FUND  
INTO THE  
SOUTHWEST CARPENTERS PENSION PLAN

## TO ALL PARTICIPANTS OF THE CENTENNIAL STATE CARPENTERS PENSION FUND

Effective at 11:59 p.m. on December 31, 2020, the PENSION PLAN OF THE CENTENNIAL STATE CARPENTERS PENSION FUND ("Colorado Plan") will become merged into the SOUTHWEST CARPENTERS PENSION PLAN ("Southwest Plan").

### *I. Overview*

This merger will not lower any benefits that you have earned under the Colorado Plan prior to the Merger Date. Except as noted, the Colorado Plan benefit provisions will continue to apply to the benefits you have earned under the Colorado Plan up through December 31, 2020 (the "Merger Date") and which were not forfeited due to a permanent break in service prior to January 1, 2021. The Southwest Plan's benefit provisions will generally apply to benefits earned for Hours Worked in Covered Employment after the Merger Date unless otherwise indicated.<sup>1</sup>

If you continue to work in Covered Employment on and after January 1, 2021, your monthly pension will generally consist of two parts:

1. The monthly pension amount earned before the merger under the Colorado Plan – calculated and payable according to the Colorado Plan rules. This is referred to as your "Colorado Benefit".
2. The monthly pension amount earned after the merger under the Southwest Plan – calculated and payable according to the Southwest Plan rules. This is referred to as your "Southwest Benefit".

The monthly amount of your Southwest Benefit will be based on your post-merger service. However, your pre-merger service under the Colorado Plan will be counted to meet the vesting and service requirements for a pension from the Southwest Plan provided you did not lose your pre-merger vesting and credited service due to a permanent break in service before the merger.

In addition, your post-merger Vesting Service and Pension Credits earned under the Southwest Plan after the Merger Date will be combined with the years of Credited Service and Benefit Units earned and not forfeited under the Colorado Plan before the Merger Date if necessary to satisfy the vesting and eligibility conditions for your Colorado Benefit.

### *II. Eligibility to Participate in the Southwest Plan*

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<sup>1</sup> More detailed information may be found in the Summary Plan Descriptions for each Plan. Any inconsistency between this announcement and the plan documents will be resolved in favor of the plan documents.

Your participation in the Southwest Plan becomes effective as of January 1, 2021 if you were an Active Participant or an Inactive Vested Participant in the Colorado Plan on December 31, 2020. If you were an Inactive Nonvested Employee in the Colorado Plan on December 31, 2020, you will become a Participant in the Southwest Plan on the earliest January 1 or July 1 following completion of 500 Hours Worked in Covered Employment during a 12-consecutive-month period. You are an Inactive Nonvested Employee if you have not yet earned vested status and had incurred a one-year break in service prior to January 1, 2021.

### **III. Vesting, Vesting Credit, and Breaks in Service**

After you have established eligibility to participate in the Southwest Plan, your eligibility for any type of Pension provided by the Southwest Plan will be depend on whether you are Vested and on the Pension Credits you have earned.

#### Vesting Service

The vesting schedule for benefits earned after the Merger Date will follow the Southwest Plan’s vesting schedule as shown in the table below.

<b>Colorado Plan</b> “Credited Future Service”	<b>Hours of Service during</b> calendar years	<b>Southwest Plan</b> “Vesting Service Credit”
None	Fewer than 300	None
None	300 to 399	3/10
None	400 to 499	4/10
5/10	500 to 599	5/10
6/10	600 to 699	6/10
7/10	700 to 799	7/10
8/10	800 to 899	8/10
9/10	900 to 999	9/10
One Year	1000 or more	One Year

Note that while both plans provide that a year of Vesting Service is earned for each calendar year in which 1,000 hours are worked in Covered Employment (referred to as “Contributory Hours” by the Colorado Plan), partial Vesting Service is earned under the Southwest Plan in a year in which 300 Hours of Service is earned whereas the Colorado Plan requires a minimum of 500 Contributory Hours.

Under the Southwest Plan, the term “Hours Worked in Covered Employment” generally means hours for which you are paid or entitled to payment by a signatory contributing Employer for actual performance of duties (and back pay hours intended to compensate you for periods you would have performed such duties). Both Plans also count contiguous non-covered employment for vesting purposes although the Colorado Plan only counts such contiguous hours where the total of the Hours of Service in Covered Employment and Contiguous Non-Covered Employment is 1,000 or more during a year.

#### Vesting Schedule for pre-merger Colorado Benefit

The Southwest Plan’s vesting schedule will be used to vest in any benefits that you earn after the Merger Date. Your post-merger service may be used, if necessary, to satisfy the vesting and eligibility conditions for your pre-merger Colorado Benefits. For this purpose, the Southwest Plan’s vesting schedule will apply.

For example, if you accumulate 400 Hours of Service in one calendar year after the Merger Date, you will be credited with 4/10 of a year of Vesting Service to satisfy the vesting and eligibility conditions for post-merger Southwest Benefits. In addition, your 400 Hours of Service will also count for purposes of vesting in your pre-merger Colorado Benefits.

#### Breaks in Service

Under the Colorado Plan, a minimum of 500 Hours of Service must be accumulated in a calendar year to avoid a one-year Break in Service. A Break in Service becomes permanent under the Colorado Plan if the number of consecutive one-year Breaks in Service equals the greater of five (5) years or the aggregate number of full years of Credited Service that were previously accumulated.

The Southwest Plan follows the same break rule as the Colorado Plan except that under the Southwest Plan, a partial year of Vesting Service Credit is earned if you have 300 Hours of Service in a year whereas the Colorado Plan requires a minimum of 500 Hours of Service to earn a partial year of Credited Future Service for vesting purposes. Another difference is that the Southwest Plan allows up to 300 Hours of Service to be carried over to the following year if the participant's Hours Worked in Covered Employment exceed the amount necessary to earn one Vesting Service Credit in the preceding year.

The Southwest Plan's vesting schedule will apply after the Merger Date for purposes of determining with a Break in Service or a Permanent Break in Service has occurred with respect to your pre-merger Colorado Benefits.]

#### **IV. Pension Credit**

Both Plans look to your years of Pension Credits (referred to as "Benefit Units" by the Colorado Plan) to determine whether you meet the service requirements for certain types of pensions. Pension Credits result from your Hours Worked in Covered Employment.

#### How Pension Credits are Earned under the Southwest Plan

After the Merger Date, you will earn partial Pension Credit under the Southwest Plan for each 100 hours of Work in Covered Employment during a calendar year as noted in the table below. For comparison purposes, the table also shows the hours of Work in Covered Employment that were required under the Colorado Plan. Note that the Southwest Plan grants a partial year of Pension Credit starting at 300 hours whereas the Colorado Plan required a minimum of 500 hours worked to earn any partial credit. The other thing to note is that you accumulate a full year of Pension Credit under the Southwest Plan with 1,200 hours worked whereas you needed 1,400 hours to earn one Benefit Unit under the Colorado Plan.

<b>Colorado Plan "Benefit Units"</b>	<b>Hours of Worked in Covered Employment during calendar year on and after January 1, 1976</b>	<b>Southwest Plan "Pension Credit"</b>
None	Fewer than 300	None
None	300 to 399	3/12
None	400 to 499	4/12
5/14	500 to 599	5/12
6/14	600 to 699	6/12
7/14	700 to 799	7/12
8/14	800 to 899	8/12
9/14	900 to 999	9/12
10/14	1000 to 1099	10/12

11/14	1100 to 1199	11/12
12/14	1200 to 1299	One Year
13/14	1300 to 1399	One Year
One	1400 and over	One Year

**V. Pension Benefit Amount Accrued after the Merger Date**

The benefits you earn under the Southwest Plan after the Merger Date will likely be greater than the benefits you would have earned under the Colorado Plan except during years in which you work at least 500 but fewer than 700 hours in Covered Employment. The benefit accrued under the Southwest Plan is greater than the Colorado Plan for participants who work between 700 and 2,500 hours in a year. However, no benefit is accrued under the Southwest Plan for years in which fewer than 700 hours are worked. On the other hand, a benefit was earned under the Colorado Plan for any year in which at least 500 hours are worked.

Benefit Formula under the Colorado Plan

The monthly benefit amount earned on and after January 1, 2007 equals 1.0% of the contributions made or required to be made on the Participant's behalf by Contributing Employers during a year in which 500 or more hours are worked.

Benefit Formula under the Southwest Plan

Participants in the Southwest Plan earn a monthly benefit of \$100 per year. The monthly benefit earned in a year is prorated for average contribution rates less than \$4.00 and for hours worked less than 1,800. No benefits are earned in years in which the participant works less than 700 hours.

Example where 1800 hours are worked in a year:

Colorado Plan - The predominant contribution rate for the Colorado Plan before the Merger Date was \$1.75 per hour. Thus, if contributions are made at the rate of \$1.75 per hour for a year in which 1,800 hours are worked, the monthly benefit earned for that year would equal \$31.50 (1,800 x \$1.75 x .01). Please refer to the Colorado Plan's SPD for the accrual formula for the period before 2007.

Southwest Plan - If the average rate of contributions is \$1.75 per hour for a year in which 1,800 hours are worked, the monthly benefit earned for that year would equal \$43.75 (.4375 x \$100). The benefit factor of .4375 corresponds to an average contribution rate of \$1.75 as reflected in the Benefit Factor Table shown below. The Benefit Factor is then multiplied by the Benefit Accrual Rate that corresponds to the number of Hours Worked in Covered Employment during the year as reflected in the Benefit Accrual Rate Table shown below.

Table of Monthly Benefits Accrued During Plan Years After 2014

<b>Benefit Factor Table</b>		<b>Benefit Accrual Rate Table</b>	
Average Contribution Rate	Benefit Factor	Hours Worked in Covered Employment During Calendar Year	Benefit Accrual Rate
\$1.00	.2500	Under 700	None
1.25	.3125	700-799	\$38.99
1.50	.3750	800-899	44.56
1.75	.4375	900-999	50.00
2.00	.5000	1,000-1,099	55.69
2.25	.5625	1,100-1,199	61.26
2.50	.6250	1,200-1,299	66.81
2.75	.6875	1,300-1,399	72.39
3.00	.7500	1,400-1,499	77.96
3.25	.8125	1,500-1,599	83.53
3.50	.8750	1,600-1,699	89.09
3.75	.9375	1,700-1,799	94.66
4.00	1.0000	1,800 and over	100.00
Over \$4.00	1.0000		

Example where 500 hours are worked in a year:

Colorado Plan - If contributions are made at the rate of \$1.75 per hour for a year in which 500 hours are worked, the monthly benefit earned for that year would equal \$8.75 (500 x \$1.75 x .01).

Southwest Plan – No benefit is earned under the Southwest Plan for a year in which fewer than 700 hours are worked.

## **VI. When You Can Receive Unreduced Pension Benefits**

### **Colorado Benefits**

Regular Pension - Vested participants are eligible for an unreduced "Regular Pension" from the Colorado Plan when they have retired and reached their Normal Retirement Age which is the later of age 65 or the 5th anniversary of commencement of participation in the Plan.

Service Pension - Unreduced benefits are also available to participants who qualify for a Service Pension at age 55 with 30 years of Credited Service within the geographic jurisdiction of the Colorado Plan without a Permanent Break in Service if the benefit commences before the participant incurs a Separation from Covered Employment.

Unreduced Early Retirement - Unreduced benefits are also payable at age 62 for participants who retire directly from active participation.

### **Southwest Benefits**

Normal Pension – An unreduced "Normal Pension" is payable at age 65 with 5 years of Vesting Service Credit.

Service Pension - A Service Pension is available from the Southwest Plan with 30 Pension Credits with no minimum age requirement.

## **VII. Early Retirement Pension**

### **Colorado Benefits**

Under the Colorado Plan, you become eligible for an Early Retirement Pension at age 55 with 5 years of Credited Service if you had at least one Hour of Service on or after January 1, 1999.

Early Retirement before age 62 is subject to reduction by 3% per year if you did not incur a separation from Covered Employment (i.e. retired from active participation). If you did incur a separation from Covered Employment before retirement, the benefits earned prior to July 1, 2007 are subject to a reduction of 3% for each year that you are less than age 65 but not younger than age 60 and 6% for each year you are less than age 60. The benefits earned on and after July 1, 2007 are subject to a reduction of 6% for each year that you are less than age 65.

Your Colorado Plan benefit will not be reduced for early retirement if you are at least age 62 and are retiring directly from active participant status.

### **Southwest Benefits**

The Southwest Plan requires attainment of age 55 with 10 Pension Credits to retire on an Early Retirement Pension. Under the Southwest Plan, benefits earned after January 1, 2011 are subject to a reduction of 3% per year for retirement before age 65. Benefits earned before January 1, 2011 are subject to a reduction of 3% per year for retirement before age 62.

## **VIII. Eligibility for Disability Pension**

The terms of the Southwest Carpenters Health and Welfare Plan will determine whether you are eligible for a Long Term Disability benefit if you become disabled after the Merger Date. This means that you will need to establish that you are Totally Disabled as defined in the Health and

Welfare Plan either by any award of disability benefits from the Social Security Administration, or by an independent review organization that is accredited by the Utilization Review Accreditation Commission (URAC). Please see Chapter 10 of the Summary Plan Description (January 1, 2019) for the Southwest Carpenters Health and Welfare Trust for additional qualification requirements.

Colorado Plan Disability Pension for Disabilities Occurring prior to the Merger Date – Disability Pensions awarded before the Merger Date will continue to be provided after the Merger Date. To qualify for a Disability Pension, a Colorado participant must have been totally disabled and have worked 500 hours of service in each of the two Plan Years which immediately precedes the Plan Year in which total disability occurs. A Participant is considered Totally Disabled if the Participant is entitled to a disability benefit in connection to the Social Security Administration OASDI Program.

### **IX. Special Death Benefit**

The terms of the Southwest Carpenters Pension Plan will determine eligibility for and the amount of the special death benefit payable upon the death of a Retired Employee after the Merger Date.

#### **Colorado Benefits**

Pre-Retirement: The Colorado Plan pays a one-time \$1,500 death benefit upon the death of a Participant younger than age 60 who has been a member of the union for 10 years, with no Separation from Covered Employment prior to the date of death.

Post-Retirement: The Colorado Plan pays a one-time \$1,500 benefit to the beneficiary of a Pensioner who (a) was at least age 60 at the date of death, (b) died on or after January 1, 1994, (c) had completed at least twenty-five years of Credited Service under the Colorado Plan, and (d) has been receiving any type of Pension from the Colorado Plan except for a Partial or Pro-Rata Pension.

#### **Southwest Benefits**

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.

### **X. Forms of Payment**

#### **Normal Form of Payment**

The automatic form of payment to married Participants in both the Colorado and Southwest Plans is a 50% Joint and Survivor Annuity. The automatic form of payment in both plans for an unmarried participant is a Single Life Annuity (SLA) with a 36 month guarantee. The SLA is also a benefit option under both plans for married participants who formally reject the Joint and Survivor Annuity.

Under both the Colorado and Southwest Plans, the 50% Joint and Survivor Annuity form of payment includes a pop-up feature which increases the monthly benefit payable to the Participant to the amount of a SLA if the Participant's Spouse dies first.

The amount of a 50% Joint and Survivor Annuity is reduced because it offers a lifetime benefit to both the Participant and the surviving spouse instead of a lifetime benefit for the Participant's lifetime only under the SLA. The amount of the reduction is different under the two plans.

Colorado Plan reduction factors for 50% Joint and Survivor Annuity.

Under the Colorado Plan the 50% Joint and Survivor Annuity is reduced to 89.0% of the SLA plus 0.4% for each full year the Spouse is older than the Participant or minus 0.4% for each full year the Spouse is younger than the Participant. If a Disability Pension is payable, the reduction is to 79.0% plus 0.4% for each full year the Spouse is older than the Participant or minus 0.4% for each full year the Spouse is younger than the Participant.

Southwest Plan reduction factors for 50% Joint and Survivor Annuity.

Under the Southwest Plan the 50% Joint and Survivor Annuity is reduced to 88.0% of the SLA plus 0.4% for each full year the Spouse is older than the Participant or minus 0.4% for each full year the Spouse is younger than the Participant.

### **Optional Forms of Payment**

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

**75% Qualified Optional Survivor Annuity** – Married Participants may elect to receive their Colorado Plan benefit in this form which provides a monthly benefit to the Participant for life and, following the Participant's death, a monthly benefit to the Spouse for her life equal to 75% of the monthly benefit that was payable to the Participant. The benefit is reduced to 84% of the value of a SLA plus or minus 0.5% for each year the Spouse is younger or older than the Participant.

For Participants who retire on a Disability Pension, the 75% Qualified Optional Survivor Annuity is reduced to 71% plus or minus 0.5% for each year the Spouse 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 \$1,000.

**Effective for retirements taking place after the Merger Date, the cash-out amount will increase to \$5,000 to be consistent with the Southwest Plan's provisions.**

## **XI. Pro-Rata Pensions**

Pro-Rata Pensions are provided to Participants who are ineligible for a pension because their years of employment have been divided between employment creditable under the Colorado Plan and employment creditable under another pension plan or whose pension would otherwise be less than the full amount because of such division of employment. Payment of a Pro-Rata Pension will be made on the basis of combined vesting service and pension credit earned under the Colorado Plan and any other pension plan that is signatory to Exhibit "A" of the International Reciprocal Agreement for Carpenters Pension Funds. The amount of the Pro-Rata Pension will be based only on the benefit accrued under the Colorado Plan.

## **XII. Suspension of Benefits**

Colorado Benefits will continue to be subject to the suspension of benefits rules of the Colorado Plan which provide that benefits are suspended for work in Prohibited Employment as follows:

- **Before Normal Retirement Age** – there is no suspension until the Pensioner has earned at least \$9,600 in a calendar year.
- **After Normal Retirement Age** – there is no suspension until the Pensioner has earned at least \$15,500 in a calendar year. There is no suspension for work outside the state of Colorado.



Southwest Benefits will be subject to the suspension of benefit rules of the Southwest Plan which provide that benefits are suspended for work in Prohibited Employment as follows:

- **Before Normal Retirement Age** – Prohibited Employment means employment, self-employment or other business activity in the “building and construction industry” wherever such employment or activity may be performed.
- **After Normal Retirement Age** – Prohibited Employment means employment, self-employment or other business activity for more than 40 hours in in a calendar month in the “same industry,” the same “trade or craft,” and the “same geographic area” covered by the Plan.

There is no suspension once you attain your Required Beginning Date which both the Southwest and Colorado Plans define as the April 1 of the year after the calendar year in which you reach age 70-1/2.

### ***XIII. Claims and Appeals Procedures***

**The Southwest Plan’s Claims and Appeals Procedures will apply to all claims filed on and after the Merger Date.** You may not file a lawsuit for benefits until you have exhausted all of 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.

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**Where to get more information**

This announcement is only a brief description of the benefit changes that will occur after the merger. More information about the Southwest Plan can be found in the Summary Plan Description, available from the following webpage: <https://carpenterssw.org/media/1014/pension-summary-plan-description.pdf>  
Beginning January 1, 2021, the administrative office will change to the following office:

**Carpenters Southwest Administrative Corporation**

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

[www.carpenterssw.org](http://www.carpenterssw.org)

**Call Center Hours of Operation**

9:00 a.m. - 6:00 p.m. (Mountain) 8:00 a.m. to 5:00 p.m. (Pacific)

[www.carpenterssw.org](http://www.carpenterssw.org)

To apply for benefits from the Colorado Plan or to obtain copies of plan documents, please contact the administrative office at the above address. Information about your accrued pension benefits can be accessed from the Southwest Plan's website starting January 1, 2021.

Colorado pension plan participants or beneficiaries can begin calling CSAC for assistance as early as December 15, 2020. To apply for benefits or to obtain copies of plan documents, please contact the administrative office at the above address.

**Important Note to New Applicants for Colorado Benefits.** In order to receive your first monthly pension check by December 1, 2020, Zenith-American Solutions must receive your Pension application no later than November 10, 2020. Applications received after this date will be forwarded to CSAC for processing with the earliest payment occurring February 1, 2021.