



# OPERATING ENGINEERS TRUST FUNDS

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## NOTICE OF CHANGE IN PLAN BENEFITS IN THE PENSION TRUST FUND FOR OPERATING ENGINEERS

**DATE:** July 13, 2010

**TO:** Participants, alternate payees, Operating Engineers Local Union No. 3,  
and participating employers of the Pension Trust Fund for Operating  
Engineers Pension Plan

**FROM:** The Board of Trustees

**SUBJECT:** Notice of Changes in Plan Benefits

As described in the April 26, 2010 pension plan notices, as the result of the 2008 investment losses and the continued decrease in industry activity caused by the worldwide economic crisis, your Plan was certified in "endangered" status for 2010 and was required to update its "funding improvement plan". On June 28, 2010, the Pension Plan Trustees officially adopted the revised funding improvement plan update and changed the Plan for contribution rate increases made on or after July 1, 2010. The purpose of the funding improvement plan update and Plan change is to restore the financial health of the Plan and return the Plan's PPA status to the Green Zone no later than the end of the year 2023.

### **Change to the Plan for Contribution Rate Increases**

You have already been notified that, beginning July 1, 2010, you will continue to earn benefit accruals on hourly contributions up to the contribution rate that was in effect for your employer as of June 30, 2010. Any future increase in that contribution rate will be dedicated to paying off the Plan's unfunded liabilities and will not earn additional benefit accruals.

### **Funding Improvement Plan Update**

The funding improvement plan update contains four schedules consisting of preferred schedules A, B, and C, and default schedule D. The default schedule is required by law to be included in the funding improvement plan in case the bargaining parties cannot agree upon one of the preferred schedules. **If your bargaining agreement expires this year then your benefit accrual rate will depend upon which of these schedules is agreed to with your employer.**

**Your benefit accrual rate will not change unless your employer adopts Schedule B, C, or D. If your employer adopts Schedule A, your benefit accrual rate remains at its current level.**

The following examples all assume one of the allowed schedules is elected effective July 1, 2010. Collective bargaining agreements expiring after July 1, 2010 will have different effective dates for the schedules.

## PREFERRED SCHEDULES

### Schedule A:

*Accrual Rate:* **No change in the current accrual rate, except as noted above regarding contribution rate increases.**

*Contribution Rate:* 8.95% increase in your current hourly contribution rate, effective July 1, 2010, and each July 1 thereafter through 2015.

**Let's say your employer's contribution rate is \$7.00 per hour as of June 30, 2010:** Under Schedule A, the hourly contribution to the pension plan would increase by \$0.63 on July 1, 2010, and on each July 1 thereafter through 2015, for a total contribution rate increase of \$3.78 per hour, resulting in a total contribution rate of \$10.78 per hour effective July 1, 2015.

Benefit Formula:

Hours Worked x Hourly Contribution up to amount in effect on June 30, 2010 x Benefit Percentage = Monthly Benefit Earned

<b>Current Hourly Contribution:</b>	<b>\$7.00</b>
<b>Hourly Contribution as of July 1, 2010:</b>	<b>\$7.63</b>
<b>Hourly Contribution as of July 1, 2015:</b>	<b>\$10.78</b>

The dollar amount of your annual benefit accrual would not change, as follows:

Current Annual Accrual =	2000 Hours x \$7.00 per hour x 1.25% = \$175
Annual Accrual as of July 1, 2010 =	2000 Hours x \$7.00 per hour x 1.25% = \$175
Annual Accrual as of July 1, 2015 =	2000 Hours x \$7.00 per hour x 1.25% = \$175

**Schedule B:**

*Accrual Rate:* **For contributions up to the rate that was in effect on June 30, 2010, your benefit percentage is reduced from 1.25% of contributions to 0.75% of contributions, effective July 1, 2010.**

*Contribution Rate:* 6.20% increase in the current hourly contribution rate, effective July 1, 2010, and each July 1 thereafter through 2015.

**Let's say your employer's contribution rate is \$7.00 per hour as of June 30, 2010:** Under Schedule B, the hourly contribution to the pension plan would increase by \$0.43 on July 1, 2010, and on each July 1 thereafter through 2015, for a total contribution rate increase of \$2.58 per hour, resulting in a total contribution rate of \$9.58 per hour effective July 1, 2015.

Benefit Formula:

Hours Worked x Hourly Contribution up to amount in effect on June 30, 2010 x Benefit Percentage = Monthly Benefit Earned

<b>Current Hourly Contribution:</b>	<b>\$7.00</b>
<b>Hourly Contribution as of July 1, 2010:</b>	<b>\$7.43</b>
<b>Hourly Contribution as of July 1, 2015:</b>	<b>\$9.58</b>

The dollar amount of your annual benefit accrual would change, as follows:

Current Annual Accrual =	2000 Hours x \$7.00 per hour x 1.25% = \$175
Annual Accrual as of July 1, 2010 =	2000 Hours x \$7.00 per hour x 0.75% = \$105
Annual Accrual as of July 1, 2015 =	2000 Hours x \$7.00 per hour x 0.75% = \$105

**Schedule C:**

*Accrual Rate:* **For contributions up to the rate that was in effect on June 30, 2010, your benefit percentage is reduced from 1.25% of contributions to 0.50% of contributions, effective July 1, 2010.**

*Contribution Rate:* 4.82% increase in the current hourly contribution rate, effective July 1, 2010, and each July 1 thereafter through 2015.

**Let's say your employer's contribution rate is \$7.00 per hour as of June 30, 2010:** Under Schedule C, the hourly contribution to the pension plan would increase by \$0.34 on July 1, 2010, and on each July 1 thereafter through 2015, for a total contribution rate increase of \$2.04 per hour, resulting in a total contribution rate of \$9.04 per hour effective July 1, 2015.

Benefit Formula:

Hours Worked x Hourly Contribution up to amount in effect on June 30, 2010 x Benefit Percentage = Monthly Benefit Earned

<b>Current Hourly Contribution:</b>	<b>\$7.00</b>
<b>Hourly Contribution as of July 1, 2010:</b>	<b>\$7.34</b>
<b>Hourly Contribution as of July 1, 2015:</b>	<b>\$9.04</b>

The dollar amount of your annual benefit accrual would change, as follows:

Current Annual Accrual =	2000 Hours x \$7.00 per hour x 1.25% = \$175
Annual Accrual as of July 1, 2010 =	2000 Hours x \$7.00 per hour x 0.50% = \$70
Annual Accrual as of July 1, 2015 =	2000 Hours x \$7.00 per hour x 0.50% = \$70

## DEFAULT SCHEDULE

### Schedule D:

*Accrual Rate:* **Your benefit accruals are frozen as of June 30, 2010 and no additional benefit accruals are provided for service and/or contributions on or after July 1, 2010. You will continue to accrue service on or after July 1, 2010 for purposes of vesting and benefit eligibility, such as eligibility for unreduced early retirement benefits earned through June 30, 2010.**

*Contribution Rate:* 7.06% increase in the current hourly contribution rate, effective July 1, 2010, and each July 1 thereafter through 2012.

**Let's say your employer's contribution rate is \$7.00 per hour as of June 30, 2010:** Under Schedule D, the hourly contribution to the pension plan would increase by \$0.49 on July 1, 2010, and on each July 1 thereafter through 2012, for a total contribution rate increase of \$1.47 per hour, resulting in a total contribution rate of \$8.47 per hour effective July 1, 2012.

#### Benefit Formula:

Hours Worked x Hourly Contribution x Benefit Percentage (1.25% before July 1, 2010, 0% thereafter) = Monthly Benefit Earned

<b>Current Hourly Contribution:</b>	<b>\$7.00</b>
<b>Hourly Contribution as of July 1, 2010:</b>	<b>\$7.49</b>
<b>Hourly Contribution as of July 1, 2012:</b>	<b>\$8.47</b>

The dollar amount of your annual benefit accrual would change, as follows:

Current Annual Accrual =	2000 Hours x \$7.00 per hour x 1.25% = \$175
Annual Accrual as of July 1, 2010 =	2000 Hours x \$7.00 per hour x 0.00% = \$0
Annual Accrual as of July 1, 2012 =	2000 Hours x \$7.00 per hour x 0.00% = \$0

*Questions*

This notice is intended to satisfy the requirements of 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 intended only as a summary, and the actual Plan documents will govern your rights. If you have any questions regarding this notice or your benefits under the Fund, please contact:

Plan Administrator  
Pension Trust Fund for Operating Engineers  
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