

WHAT YOU NEED TO KNOW ABOUT RETIRING FROM THE WISCONSIN LABORERS

As you make the transition from worker to retiree, you may have a few questions about what to do and what to expect.

TYPES OF PENSION

The type of pension you choose at retirement depends upon your vesting status, your age or your health.

If you have 10 or more pension credits, you can apply for regular retirement benefits at age 62. You could also choose to apply for early retirement benefits (reduced benefits) as early as age 55.

You also need to have at least 10 pension credits to be eligible to apply for disability retirement benefits. You must have worked within the last 36 months and meet the definition of disability as defined in the Plan.

If you have at least 5 vesting credits but less than 10 pension credits, and have worked at least 1 hour in covered employment after August 1, 1997, you could apply for deferred retirement benefits at age 65.

Please refer to your Summary Plan Description (SPD) for more information.

APPLYING FOR YOUR PENSION

The first step in retiring would be to complete and return a pension application form which can be obtained from either the Fund Office or your Local Union. We recommend that you complete and return your application a couple of months before you retire. Remember to answer all questions. If you leave items blank, it may cause your pension to be delayed. Also remember to include a copy of your proof of age (birth certificate) with your pension application.

Keep in mind that the Fund offers a level income form of payment of your pension. A level income form of benefit increases your pension benefit until you reach age 62 or full retirement age and your Social Security benefit begins. Your pension benefit will be reduced the month following your birthday. If you are interested in the level income option, please indicate on question 16 of the application at what age you intend to begin Social Security benefits and include a **recent** copy of your Social Security Earnings and Benefit Estimate Statement when you submit your application. You can call Social Security at 1-800-772-1213 to request a statement or sign on to the Internet at www.ssa.gov to see online information.

AFTER YOUR APPLICATION IS RECEIVED

You will be sent a form called a Form of Payment Election that will provide you with your estimated pension benefits, along with the rules for working after retirement, a retirement declaration form, a withholding tax election form and a direct deposit election form. You will need to complete these items and return them to the Fund Office. In the interim, the Fund Office will verify your union membership with your local union.

Wisconsin Laborers Pension Fund

Relative Value of Benefit Payment Options

Our Plan offers several optional forms of payment to eligible participants, in addition to the normal form of payment available under the Plan. In most cases, these optional forms of payment have relatively the same value as the normal form of payment.

The remainder of this notice explains why you need to know this, what this means, and how this was determined.

What Is Relative Value?

Relative value means the actuarial present value of each optional form of payment compared to the actuarial present value of the normal form of payment under a plan. Actuarial values of benefits are determined using:

- Mortality assumptions, which are based on standardized tables developed by actuarial organizations and life insurance companies. Information is analyzed about large groups of people to project the rates at which groups of individuals at different ages are expected to die. These statistical mortality projections are used to develop "average life expectancies."
- Interest assumptions, which estimate the likely investment earnings, over time, of the money put aside to pay benefits. This is important in the determination of actuarial value because investment earnings provide some of the money used to pay benefits.

What Are The Relative Values Under Our Plan?

Under our Plan, the normal forms of payment are the:

- Husband-and-Wife Pension, which under the Plan is a 50% Joint and Survivor Annuity with a "pop-up" feature, for married participants
- Single Life Annuity with lump sum guarantee for single participants

The generally available optional forms of payment for all participants covered by this comparison are the:

- Level Income Option for Social Security benefits beginning at age 62
- Level Income Option for Social Security benefits beginning at Social Security Retirement Age

Additional optional forms of payment for married participants are the:

- Single Life Annuity with lump sum guarantee
- 75% Joint and Survivor Annuity with a "pop up" feature
- 100% Joint and Survivor Annuity with a "pop up" feature
- Level Income Option for Social Security benefits beginning at age 62 paid as a 50%, 75% or 100% Joint and Survivor Annuity with a "pop-up" feature
- Level Income Option for Social Security benefits beginning at Social Security Retirement Age paid as a 50%, 75% or 100% Joint and Survivor Annuity with a "pop-up" feature

All optional forms of payment available under our Plan have approximately the same actuarial present value as the normal form.

How Was This Determined?

The valuation and reporting methodologies used were based on IRS regulations, which can be found in Treasury Regulations Section 1.417(a)(3)-1. These methodologies are fairly technical and can be difficult to understand. However, IRS regulations require that we provide this information to you.

The values were calculated, for comparison purposes, assuming the Fund would earn 7.0% interest and that, on average, non-disabled participants and spouses would live as long as predicted under the 1971 Group Annuity Mortality Table, and the 1965 Railroad Retirement Board Disabled Life Mortality Table for disabled participants. We also assumed for married participants that the spouse is the same age as the participant. For the Social Security Level Income Options, the interest assumption used the applicable yield curve rates of 1.22% for the first five years, 3.66% for the next fifteen years and 4.50% thereafter and the 2012 Lump Sums Unisex table, as required by the IRS regulation.

What Does This Mean To Me?

As stated earlier, basically, this means all optional forms of payment have relatively the same value as the normal form of payment under our Plan. However, it is important that you realize that this is not a guarantee or even a prediction of what you will actually be eligible to receive when you retire. The actual value of the different forms of payment will vary depending on how long the individual and spouse or beneficiary in fact live and on their ages when payments start.

Upon your written request, you will be provided with a similar comparison, based on your own age and estimated benefits, between your normal form of payment and any other forms of payment for which you are eligible. You may want to consult a financial advisor when you are nearing retirement to determine what is right for you.

For plan years beginning on or after September 1, 2012

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Level Income Option

If you are planning to retire before you collect Social Security, up to age 67, you may choose to have your pension paid in the form of the Level Income Option. The Level Income Option is designed to provide approximately the same amount of monthly income throughout your retirement years, both before and after you begin receiving a monthly Social Security benefit.

Note that you may not elect the Level Income Option form of payment upon retirement if you worked your first hour of service on or after August 1, 2016, and you incur three (3) consecutive one-year breaks in service immediately before the date your pension payments begin.

If you incurred a permanent break in service prior to August 1, 2016, and you returned to work in covered employment on or after August 1, 2016, you will be considered a new participant and subject to the preceding paragraph.

How The Level Income Option Works

Under the Level Income Option, the Fund pays a higher benefit for the months before Social Security payments are expected to begin. The higher benefit will be a combination of the Pension Fund benefit you would normally be entitled to receive, plus a percentage of your estimated Social Security benefit based on:

- Your age at retirement; and
- The age at which you plan to start receiving a monthly Social Security benefit, which can be at age 62, 65, 66, or 67.

After you are expected to begin to receive Social Security, your monthly Pension Fund benefit will be reduced by the amount of your estimated monthly Social Security benefit. The following example shows how the Level Income Option works to provide a consistent amount of monthly income throughout your retirement.



Level Income Option Example

Let's assume John is retiring on December 1, 2015, at age 58. John is not married. He will be eligible to receive a monthly Single Life benefit of \$1,280. John plans to start receiving monthly payment of his Social Security benefit when he reaches age 62. His estimated Social Security benefit, payable at age 62, is \$790.

1. Calculation of Pension Fund Benefit Before Social Security

The first step in calculating John's Pension Fund benefit in the form of a Level Income Option is to determine the additional amount payable for the months before he starts to receive Social Security. The additional amount will be a percentage of John's estimated Social Security benefit based on John's age at retirement (58) and the age at which he will start to receive Social Security (62). In this case, John will receive an additional amount equal to 65.84% of his estimated Social Security benefit.

\$790.00	X	65.84%	=	\$520.14
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John's Estimated Social Security Benefit at Age 62	Percentage of Estimated Social Security Benefit	Additional Amount Payable From Age 58 to Age 62
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The resulting amount (\$520.14) is added to John's monthly Early Retirement benefit (\$1,280) to determine the amount payable by the Pension Fund until John reaches age 62 and starts to receive Social Security. John's monthly Pension Fund benefit, payable from age 58 to 62, is \$1,800.50 (after rounding up to next \$0.50).

\$1,280.00	+	\$520.14	=	\$ 1,800.50
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John's Monthly Single Life Benefit at Age 58	Additional Amount Payable From Age 58 to Age 62	John's Monthly Single Life Benefit Paid in the Form of a Level Income Option From Age 58 to Age 62
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2. Calculation of Pension Fund Benefit After Social Security

When John reaches age 62, the monthly benefit he receives from the Pension Fund will be reduced by the amount of his estimated Social Security benefit. In this case, the Pension Fund would subtract \$790 from \$1,800.50. The monthly benefit payable from the Pension Fund for the remainder of John's life (starting at age 62) is \$1,010.50.

\$1,800.50	—	\$790.00	=	\$1,010.50
John's Monthly Single Life Benefit Paid in the Form of a Level Income Option From Age 58 to Age 62		John's Estimated Social Security Benefit at Age 62		John's Monthly Single Life Benefit Paid in the Form of a Level Income Option for Life From Age 62

Under the Level Income Option, John's monthly income payable from the Pension Fund before age 62 is \$1,800.50. When John reaches age 62, he will receive the same amount of monthly income through a combination of his Pension and Social Security benefits (\$1,010.50 + \$790 = \$1,800.50). In this way, the Level Income Option works to provide a "level" amount of monthly income for your lifetime — even if you retire before you begin receiving Social Security.

If you are married, it should be noted that as an added form of protection for your spouse, you can elect the Level Income Option in conjunction with the 50%, 75% or 100% Joint and Survivor Pension. However, your benefit as described above will be subject to further reduction. In the event of your death, your surviving spouse would be eligible to receive a lifetime benefit equal to the appropriate percentage (50%, 75%, or 100%) of your original pension benefit (which is reduced for the Joint and Survivor coverage) without regard to the Level Income Option.

Estimated Social Security Benefit

If you are planning to retire in the near future and want your pension paid as a Level Income Option, you should contact the nearest office of the Social Security Administration and ask for an estimate of your monthly Social Security benefit. The Social Security Administration will need to know your Social Security number, your current earnings, and your estimated future average yearly earnings.

When you know the amount of your estimated monthly Social Security benefit, contact the Fund Office. The Fund Office will be happy to provide you with a sample calculation of your pension benefit paid as a Level Income Option. If you elect the Level Income Option at the time you retire, you will have to provide a copy of the Social Security estimate you obtained.

If you decide to have your pension paid under the Level Income Option, there will be no changes in the amount of the monthly benefit paid by the Pension Fund, regardless of the benefit amount actually paid by Social Security or if you elect to begin receiving your Social Security benefits at a different age than when you originally planned.

Pension applications normally take 30 days to process. To ensure the accuracy of your benefit calculation, the Fund Administrators review each pension approval. When your benefits have been approved, you will receive a letter explaining when you will receive your first check.

Your first pension check may be for an estimated amount, if your employer has not reported your last work hours to the Fund Office. Once your final hours are received, your final pension benefit will be calculated, and any adjustment needed will be processed on your next monthly benefit check.

WHEN WILL I RECEIVE MY FIRST CHECK?

The processing time for your first check will depend on when all the completed paperwork is received in the Fund Office. Below are two examples of the timeline in processing your first check:

Application Received	Retirement Date	Signed Election Forms Received	Month Last Worked	Pension Approved by Fund Administrator	Check Issued
March 15 th	May 1 st	April 1 st	April 30 th	April 15 th	May 1 st
April 15 th	May 1 st	May 1 st	April 30 th	May 15 th	June 1 st *

*Check issued for 2 months — May and June benefit

Pension benefits electronically deposited each month to your checking or savings account is the best way to guarantee that your benefits reach you on time. Benefit checks mailed to your home are dependent on the postal service for delivery and are not guaranteed to be in your hands on the 1st of each month.

WHAT ABOUT RETIREE'S HEALTH COVERAGE?

You must be eligible for health benefits under the Regular or Bare Bones plans of benefits in each of the four years immediately prior to your retirement or disability.

If a spouse or dependent is to be covered, they must be included at the time you elect Retirees coverage, or they may elect to defer coverage by following the rules regarding opting out of the Retiree's coverage. Additional dependents cannot be added later.

WHEN WILL I BE NOTIFIED OF RETIREE'S COVERAGE?

The Fund Office will notify you at the time you have used all of your work hours and are at the point where you could make a self-payment under the active plan. This means that in some cases, you may continue under the active coverage until you have been retired for several months. The effective date of your Retiree's Coverage will, in most case, be later than your retirement date under the Wisconsin Laborers' Pension Fund.

CAN MY SPOUSE OR I OPT OUT OF THE RETIREE'S COVERAGE?

If you and/or your spouse currently have coverage available through another employer's group health plan, you can opt out of the Health Fund and reserve the right to resume coverage at a later

date. REMEMBER YOU CANNOT OPT OUT UNTIL YOU HAVE BEEN OFFERED THE RETIREES COVERAGE! You will be sent a form and the rules for opting out. To opt out you must complete and return the form. When you wish to resume coverage, you must notify the Fund within 60 days of terminating coverage through your other carrier and provide proof from the other carrier that you had continuous Health coverage.

IS THE RETIREE'S PLAN OF BENEFITS THE SAME AS THE ACTIVE PLAN?

Retiree's benefits are not necessarily the same as those provided to active employees and may be discontinued or modified at any time.

The Retiree and Medicare supplement plans include vision benefits and prescription drug benefits. Dental is an optional benefit provided for additional cost. However, these plans do not include the following benefits:

ACCIDENTAL DEATH BENEFITS
WEEKLY ACCIDENT AND SICKNESS BENEFITS

WHAT ABOUT MEDICARE?

If you are eligible for Medicare, you may be eligible for the Medicare supplement benefit from the Wisconsin Laborers' Health Fund. If you and/or your spouse are enrolled in Medicare, **you must be enrolled in Part A** (basic hospital insurance) **and Part B** (supplementary medical coverage).

HOW MUCH DOES THE RETIREE'S COVERAGE COST?

Under the new Retiree Contribution Allowance program, the cost to you will depend on the total accumulated health hours as reported to Wisconsin Laborers' Health Fund over your lifetime. The program accumulates credits that are used to offset the cost of retiree's coverage. To inquire about the current rates, you can contact the Eligibility Department at 608-842-9102.

HOW CAN I PAY FOR THESE BENEFITS?

You will be sent a Retiree self-pay notice if you do not elect to have it automatically deducted. You must remit the full self-pay prior to the eligibility period for which you wish coverage, unless you choose to transfer a portion of your Wisconsin Laborers' Pension Fund benefit to pay your Retiree self-pay.

You may choose the convenience of having your retiree Health Fund payments automatically deducted from your monthly Wisconsin Laborers' Pension Fund benefit. The Fund Administrator will make an automatic deduction from your pension check each month to cover your Health Fund payments as they come due. The amount of the deduction will be equal to one-third of the amount of your quarterly Health Fund self-payment. The deductions are then transferred to the Health Fund. Again, you will be presented with this option when you are offered the retiree's coverage.

Contact the Fund Office at:

**WISCONSIN LABORERS' HEALTH FUND
WISCONSIN LABORERS PENSION FUND
4633 LIUNA WAY, SUITE 201
DE FOREST WI 53532-2510**

**(800) 397-3373 OR (608) 842-9103 – Pension
(608) 842-9102- Eligibility**