

## SUMMARY OF MATERIAL MODIFICATIONS

To the International Painters and Allied Trades Industry Pension Plan  
From the IUPAT Industry Pension Fund Board of Trustees  
2018

### Distribution List

Plan Participants

Participating District Councils and Local Unions

Participating Employers

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This is a summary of recent changes affecting your benefits under the International Painters & Allied Trades Industry Pension Plan (the “IUPAT Industry Pension Plan” or “Plan”). It is a “Summary of Material Modifications” to the Summary Plan Description (“SPD”) for the Plan and is distributed in compliance with the Employee Retirement Income Security Act (ERISA). You should keep this information with your SPD as it reflects changes in the information in the SPD.

### EARLY RETIREMENT REDUCTION FOR POST- 2017 BENEFITS

People are living longer and collecting pensions longer. The first change deals with this development by adjusting the reduction for early retirement benefits for benefits earned on or after January 1, 2018

**These changes do NOT affect your early retirement benefit for your earned (accrued) monthly benefit as of December 31, 2017.** That amount will be grandfathered and calculated under the prior rules which are described in the SPD and the following table, with an outline of the changes after 2017.

Plan Provision	Current (Pre-2018 Benefits)	Change (Post-2017 Benefits)
<b>Special Early Retirement (Unreduced)</b>	Active Employee at any age with 60,000 Benefit Hours, Active Employee at age 55 with 54,000 Benefit Hours, or Active Employee at age 62 with 45,000 Benefit Hours	Active Employee at age 55 with 60,000 Benefit Hours Active Employee at age 60 with 54,000 Benefit Hours, or Active Employee at age 62 with 45,000 Benefit Hours
<b>Regular Early Retirement (3% per year reduction from 65)</b>	Active Employee at age 55 with 18,000 Benefit Hours	60,000 Benefit Hours, or Active Employee at age 55 with 45,000 Benefit Hours
<b>Deferred Vested Early Retirement (6% per year reduction from 65)</b>	Vested but inactive at early retirement date	Vested with 18,000 Benefit Hours
<b>Disability Retirement</b>	Disability benefit equal to 110% of the early retirement benefit payable at retirement (or, if later, age 55), but not to exceed the full accrued benefit without reduction. Full benefit payable with 54,000 Benefit Hours.	Disability benefit equal to 110% of the early retirement benefit payable at retirement (or, if later, age 55) with the 2018 changes, but not to exceed the full accrued benefit without reduction.

Note that although there is no change in the description of Disability Retirement benefits above, any changes in early retirement provisions will also affect the benefits payable to Participants who satisfy the Plan's Disability eligibility requirements.

The Benefit Hours in the chart include all Benefit Hours before, in and after 2018. Benefit Hours for purposes of retirement eligibility and early retirement benefit reductions generally are the sum of work Benefit Hours for which pension contributions are payable to the Plan or a reciprocal plan plus any military service credit. See the SPD for more details.

Active Employees. The changes primarily affect participants who retire as "Active Employees" (generally meaning someone with 450 Benefit Hours in the 3 calendar years before retirement. See the SPD, page 19). The changes for an Active Employee participant at retirement may best be illustrated by an example. Suppose the following:

- On January 1, 2018, you are age 56 with 52,000 Benefit Hours accumulated. The pension you have earned (accrued) at that time is \$3,000 per month to be paid at your Normal Retirement Age (usually, age 65 as in the table).
- You retire two years later at age 58. At that time, you have accrued another \$200 in monthly pension benefits (payable at Normal Retirement Age) and you have accumulated another 3,000 Benefit Hours for a total of 55,000 Benefit Hours.

Your pension would be calculated as the sum of a Pre-2018 Benefit and a Post-2017 Benefit.

#### Pre-2018 Benefit

- The pre-2018 Benefit is based on the normal retirement pension earned up to 1/1/2018, which is \$3,000 in the example.
- The early retirement reduction for this piece of your benefit is in the middle column in the table.
- For a participant who is age 58 at retirement and has 55,000 total Benefit Hours (before, in and after 2018), the first line of the chart applies and indicates that this part of your pension would be unreduced.
- So, your pre-2018 Benefit is the full \$3,000 per month at age 58, even though you have not reached Normal Retirement Age.

#### Post-2017 Benefit

- The Post-2017 Benefit is based on the normal retirement pension you earned after 12/31/2017, which is \$200 in the example.
- The early retirement reduction for this piece of your benefit is in the third column at the right in the table. For a participant who is age 58 at retirement and has 55,000 total Benefit Hours (before and after 2018), the second line of the chart applies and indicates that this part of your pension would be reduced by 3% for each year you retire before your normal retirement age.
- In the example, you would be retiring seven (7) years before your Normal Retirement Age (age 65), so the reduction would be 21% (7 years x 3% per year).
- 21% of the \$200 you accrued after 2017 is \$42.
- So, your net Post-2017 Benefit monthly pension is \$200 less \$42, or \$158.

The pension you would be entitled to at age 58 would be the sum of your Pre-2018 Benefit of \$3,000 plus the Post-2017 Benefit of \$158, or a total of \$3,158 per month for your life.

As in the current plan, you also have the option to elect a different form of payment such as one providing survivor benefits for your spouse. The adjustments to your benefit for those options are separate and in addition to any early retirement reduction.

#### Vested Participants.

- If you are vested but are not an Active Employee participant at the time of an early retirement, your Pre-2018 Benefit will be calculated with a 6% per year reduction as in the current SPD.
- If you are vested with 18,000 or more Benefit Hours, your Post-2017 Benefit will also be calculated with the 6% per year reduction.
- If you have less than 18,000 Benefit Hours at retirement, there is no early retirement option for the benefit you earn after 2017 and that piece of your benefit will only be payable at and after Normal Retirement Age.

#### Disability Pensions

The changes in early retirement benefits also apply to Disability Pensions. The Disability Pension will no longer be an unreduced benefit for anyone with 54,000 or more Benefit Hours.

For a new disability pension after 2017, the monthly disability pension benefit will be 110% of the early retirement benefit calculated under the revised early retirement rules outlined above with one special provision that a disability retiree who is under age 55 will be assumed to be age 55. This assumption means that a disability retiree will receive a pension based on benefits earned for all work before, in or after 2018 regardless of his or her actual age at retirement, as one of the requirements for a disability pension is 18,000 Benefit Hours.

#### **BENEFIT ACCRUAL**

The other change is that if the Plan experiences a calendar year where the Plan has a negative investment return, then for the second following year, no benefits will be accrued for that year. So, for example, if the plan's investments lose 3% in 2018, there would be no accrual in 2020. In other words, no one would earn any additional pension benefits in 2020.

#### **FUND ADMINISTRATOR**

Tim D. Maitland has replaced Corinne M. Koch as the Fund Administrator.

#### **ORGANIZATIONS HOLDING PLAN ASSETS**

The Pension Plan added and terminated some collective investment funds which may be considered to hold plan assets. These changes and the full list of commingled funds which may be considered to hold plan assets are included in the Plan's Form 5500 filings and accompanying audited financial statements. The 2017 form will be filed by October 15, 2018 and will be available at [www.efast.dol.gov](http://www.efast.dol.gov) under the Plan's Employer Identification Number (52-6073909) and Plan number (001) after filing.

#### **QUESTIONS**

The Fund Office will be happy to answer your questions and the concerns that inevitably accompany a change in benefits. Please feel free to contact the Fund Office toll free at (800) 554-2479, at (410) 564-5500, or write to the Fund Administrator at [pension@iupat.org](mailto:pension@iupat.org) or via the address on this letter.