

## Retirement Application Process

- 1) Application can be filed within 90 days of projected retirement date. Member may call AliCare at 617-666-3100 to request application.
- 2) Completed application must be returned to AliCare along with the pertinent documents, i.e. copy of birth certificate, marriage certificate, divorce decree, if applicable, etc. Application must be signed and dated.
- 3) If member is actively working, AliCare will not be able to provide a calculation of the total benefit due to member until all his employer contributions are received and applied. Contributions are due the first day of the following month, but are always received during the last month of employment.
- 4) AliCare will verify last day of employment with employer and will then provide a final calculation of the members' benefit along with an election form that shows the different retirement options the member can elect. These options are for "life annuity" benefit, "50%, 75% and 100% joint & survivor" benefits. The election package will also include a direct deposit form, a W-4P form (federal tax withholding) and a State tax withholding form. Once the member makes his elections, and sends them back to AliCare, he will be put in "pay status". Pension payments (checks) are made within the last week of the month for the retirement month, i.e. member will receive a check on 6/28 for the 7/1 benefit. If the member elects to have his payments to be electronically processed, his payment will be on his account on the first of each month.
- 5) The member can elect to make any changes to his bank, federal and tax withholdings at any time, and if received by the 10<sup>th</sup> of the month, the change will be effective with the next month's payment.

## Additional Information:

- 1) As you know, there were new rules for all active and inactive participants whose benefits started on or after **January 1, 2011**. The following will explain some of these changes:

### Active Participants Age 62 or Older Not Affected Generally ("Grandfathered Group")

The new rules did not apply to current active Participants age 62 or older as of January 1, 2011 (i.e., born on or before January 1, 1949) ("grandfathered group") who have at least one month of service under a Collective Bargaining Agreement consistent with the Alternate Schedule, except with respect to the elimination of the Supplemental Pension Benefit (discussed below).

- (c) Current and Future Active and Inactive Participants Affected

The new rules apply to the benefit of a current or future active Participant (not in the above grandfathered group) or current or future inactive Participant (who does not have one month of service under a Collective Bargaining Agreement consistent with the Alternate Schedule).

*Note:* A current inactive Participant, who does not have one month of service under a Collective Bargaining Agreement consistent with the Alternate Schedule, is subject to all of the new rules in this notice even if age 62 or older as of January 1, 2011.

## **YOUR PROTECTED BENEFIT**

A Participant who retires and is subject to the **new** rules described in this notice, will receive the greater of:

- (a) The benefit accrued under the Plan at December 31, 2010, based on a Normal Retirement Age of 62, using the Early Retirement reduction factors in effect as of December 31, 2010 if the Participant retires before age 62, and the Husband and Wife reduction factors in effect as of December 31, 2010, if the Participant elects a Husband and Wife option; or
- (b) The total benefit at retirement, based on the **new** Normal Retirement Age of 65 using the **new** Early Retirement reduction factors, if the Participant retires before age 65, and the **new** Husband and Wife reduction factors, if the Participants elects a Husband and Wife option.

### **3. NEW NORMAL RETIREMENT AGE**

Under the new rules, the Normal Retirement Age will increase from age 62 to age 65 effective January 1, 2011. If a Participant commences benefits earlier than age 65 after January 1, 2011, the new rules regarding the early retirement reduction factor will apply.

### **4. NEW EARLY RETIREMENT REDUCTION FACTOR**

Under the old rules, the Fund provides an eligible Participant with an Early Retirement Pension reduced by 4.8% for each year that the Participant is younger than age 62 when the Participant's benefit commences.

If a Participant commenced benefits under the new rules on or after January 1, 2011, the Participant's Early Retirement Pension will be reduced by 6.0% for each year that the Participant is younger than **age 65** when the Participant's benefit commences. This new 6.0% early retirement reduction factor applies to all of the Participant's accruals, including those earned prior to January 1, 2011.

## **NEW HUSBAND AND WIFE PENSION FACTORS**

Under the old rules, the Fund provides eligible married Participants with the option of electing a 50% Husband and Wife Pension benefit equal to 88% of their accrued benefit plus or minus 0.4% for every year that their spouse is older or younger, respectively. The Fund also provides eligible married Participants with the option of electing a 75% Husband and Wife benefit equal to 88% of their accrued benefit plus or minus 0.4% for every year that their spouse is older or younger, respectively. The Fund also provides eligible married Participants with the option of electing a 100% Husband and Wife benefit

equal to 83% of their accrued benefit plus or minus 0.5% for every year that their spouse is older or younger, respectively.

The Fund will continue to provide an eligible married Participant who commences benefits under the new rules on or after January 1, 2011, with the option of a 50% Husband and Wife benefit equal to 88% of the Participant's accrued benefit plus or minus 0.4% for every year that the Participant's spouse is older or younger, respectively. However, an eligible married Participant who commences benefits on or after January 1, 2011 under the new rules, may elect a 75% Husband and Wife benefit equal to 83% of their accrued benefit plus or minus 0.5% for every year that their spouse is older or younger, respectively. Also, for benefits that commence on or after January 1, 2011 under the new rules, the Fund will provide eligible married Participants with the option of a 100% Husband and Wife benefit equal to 79% of their accrued benefit plus or minus 0.6% for every year that their spouse is older or younger, respectively

#### **DISABILITY PENSION ELIMINATED**

The new rules eliminate the Disability Pension if a Participant retires on or after January 1, 2011. However, a vested Participant who become disabled can elect a reduced benefit at early retirement age (age 55), if eligible, or an unreduced benefit at normal retirement age (age 65).

#### **7. PRE-RETIREMENT LUMP SUM DEATH BENEFIT ELIMINATE**

The new rules eliminate the pre-retirement lump sum death benefit of \$500 per year of pension credit to a maximum of \$10,000, effective January 1, 2011.

#### **8. SUPPLEMENTAL PENSION BENEFIT ELIMINATED**

A Participant who retires on or after January 1, 2011 under the new rules cannot receive a Supplemental Pension Benefit. (This benefit is payable under the old rules if a Participant retired prior to Social Security Retirement Age and met other eligibility rules.) This change applies to all active and inactive Participants as well as to the grandfathered group described in paragraph 1 above. Members of the grandfathered group therefore cannot receive a Supplemental Pension Benefit if they retire on or after January 1, 2011.

Below are some examples that illustrate how your benefits are calculated under the old and new rules of the Fund:

## EXAMPLES

### *Example 1 – Early Retirement Reduction Factors*

#### *Example 1(a) – Comparing Benefits Payable at Age 59 and Age 60 under the Old Early Retirement Factors (old rules) and the New Early Retirement Factors (new rules)*

Jack is 55 years old with 25 years of service as of January 1, 2011. He had a Normal Retirement Pension as of December 31, 2009 of \$2,241.00 per month. If he decides to continue working and retires in four years at age 59, electing a Life Annuity, his Normal Retirement Pension at that age would increase to \$2,585.00 per month. The difference between his Early Retirement Pension at age 59 under the old reduction factors (if the rules had not changed) and under the new Early Retirement Pension reduction factors at age 59 (new rules) are as follows:

#### **Benefits at Age 59 Under:**

##### *Old Early Retirement Pension Reduction Factors and Normal Retirement Age (old rules)*

\$2,585.00 times 85.6% (3 years reduction at 4.8% per year) = **\$2,212.76**

##### *New Early Retirement Pension Reduction Factors and Normal Retirement Age (new rules)*

(1) Normal Retirement Pension as of January 1, 2011 adjusted by the Early Retirement Pension reduction factors as of December 31, 2010:

\$2,241.00 times 85.6% (3 years reduction at 4.8% per year) = **\$1,918.30**

(2) Normal Retirement Pension adjusted by the **new** Early Retirement Pension reduction factors effective January 1, 2011:

\$2,585.00 times 64.0% (6 years reduction at 6.0% per year) = **\$1,654.40**

**Under the new rules, Jack receives the greater of (1) or (2): \$1,918.30**

***Example 1(b) – Comparing Benefits Payable at Age 60 under the Old Early Retirement Factors (old rules) and the New Early Retirement Factors (new rules)***

If Jack retires at age 60 (after earning an additional year of service), with a Normal Retirement Pension of \$2,671.00 per month and elects a Life Annuity, his pension would be adjusted as follows:

**Benefits at Age 60 Under:**

***Old Early Retirement Pension Reduction Factors and Normal Retirement Age (old rules)***

\$2,671.00 times 90.4% (2 years reduction at 4.8% per year) = **\$2,414.58**

***New Early Retirement Pension Reduction Factors and Normal Retirement Age (new rules)***

- (1) Normal Retirement Pension as of January 1, 2011 adjusted by the Early Retirement Pension reduction factors as of December 31, 2010:

\$2,241.00 times 90.4% (2 years reduction at 4.8% per year) = **\$2,205.86**

- (2) Normal Retirement Pension adjusted by the **new** Early Retirement Pension reduction factors effective January 1, 2011:

\$2,671.00 times 70.0% (5 years reduction at 6.0% per year) = **\$1,869.70**

**Under the new rules, Jack receives the greater of (1) or (2): \$2,205.86**

***Example 2 – Comparing Benefits Payable at Age 62 under the Old and New Early Retirement Factors, Normal Retirement Age and Husband and Wife Pension Reduction Factors***

Mary is 59 years old with 30 years of service as of January 1, 2011. Her spouse is 62 years old. She had a Normal Retirement Pension as of December 31, 2010 of \$2,706.00 per month. If she decides to continue working for three years and retire at age 62 electing a 75% Husband and Wife Pension, her Normal Retirement Pension at that age would increase to \$2,964.00 per month.

**Benefits at Age 62 as a 75% Husband and Wife Pension Under:**

***Old Normal Retirement Age and Husband and Wife Pension Reduction Factors (old rules)***

If Mary retires at age 62 and elects a 75% Husband and Wife Pension, her Normal Retirement Pension would be \$2,964.00 times 89.2% [88% plus 1.2% (0.4% times 3)] = \$2,643.89

**Benefits at Age 62 as a 75% Husband and Wife Pension Under:**

***New Early Retirement Pension Reduction Factors, Normal Retirement Age, and Husband and Wife Pension Reduction Factors (new rules)***

If Mary retires in three years at age 62 with a Normal Retirement Pension of \$2,964.00 per month and elects a 75% Husband and Wife Pension, her pension would be calculated as follows using the new Early Retirement Pension reduction factors and new Husband and Wife reduction factors and new Normal Retirement Age:

- (1) Normal Retirement Pension as of January 1, 2011 adjusted by the Early Retirement Pension reduction factors as of December 31, 2010:

$$\$2,706.00 \text{ times } 100\% \text{ times } 89.2\% [88\% \text{ plus } 1.2\% (0.4\% \text{ times } 3)] = \mathbf{\$2,413.75}$$

- (2) Normal Retirement Pension adjusted by the **new** Early Retirement Pension reduction factors and the **new** Husband and Wife reduction factors effective January 1, 2011:

$$\$2,964.00 \text{ times } 82.0\% \text{ times } 84.5\% [83\% \text{ plus } 1.5\% (0.5\% \text{ times } 3)] = \mathbf{\$2,053.76}$$

**Under the new rules, Mary receives the greater of (1) or (2) = \$2, 413.75**