



May 31, 2013

Re: 204(h) Notice to Pension Plan of Carpenters' Pension Trust Fund of St. Louis (Plan) Participants
Regarding Early Retirement

Dear Member:

Effective July 1, 2013, an important change is coming to the Pension Plan of Carpenters' Pension Trust Fund of St. Louis. This change may affect your decision whether to commence an Early Retirement Benefit after that date, depending on your future work plans.

Background

The Pension Plan currently provides for you to begin drawing your vested accrued benefit (the benefit you earn based on your Credited Service) at your Normal Retirement Date (age 62). If you are at least age 55 and have at least 10 years of service (Vesting Service or Credited Service), you may begin drawing an Early Retirement Benefit. In general, your accrued benefit is reduced for an Early Pension, but if you meet conditions for "Rule of 90" or "60/30", your benefit may be subject to no reduction or to a smaller reduction. Until now, if you met these Early Retirement Benefit eligibility requirements, all you needed to do was submit a retirement application and the Plan allowed you to receive your pension benefits.

What's New

The Internal Revenue Service (IRS) is now requiring the Plan to be amended to add an additional constraint on commencement of an Early Retirement Benefit. Specifically, if you want to start an Early Retirement Benefit, you need to stop working in order to receive full payments. **Because this is a change in the Plan's former practice, it will not apply at all to the accrued benefit you earn up to July 1, 2013.** However, any benefits you earn after July 1, 2013 cannot start being paid until the earlier of the date you stop working or your Normal Retirement Date.

The Early Retirement Benefit you can receive based on your accrued benefit as of July 1, 2013 is referred to in this Notice as your "**grandfathered early benefit.**" You can begin your grandfathered early benefit even though you continue to work. The remainder of your Early Retirement Benefit is your "**non-grandfathered early benefit.**" In order to start your non-grandfathered early benefit, you must declare that you are retiring with no present intention to return to Covered Employment before age 62 (meaning you have no plans to work after retirement and earn additional credit toward benefits earned under the Plan). The Fund Office will provide a way for you to indicate your future intentions regarding work as part of your pension application. If you cannot satisfy this requirement, your grandfathered early benefit can start without restriction. However, your non-grandfathered early benefit will be deferred, but not beyond your Normal Retirement Date (age 62). When your non-grandfathered early benefit does begin, you will receive a payment of interest for the period that it was delayed.

If you should begin an Early Retirement Benefit by retiring with no present intention to return to work, but later return to Covered Employment for 40 or more hours in any month before you are 62, the non-grandfathered part of your early benefit would be suspended for that month.

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How It Works

Suppose you have a monthly-accrued benefit as of July 1, 2013. Furthermore, suppose you reach age 55 with ten (or more) years of service in June 2014, and you have earned an additional monthly accrued benefit of \$100 after July 1, 2013. Let's look at three examples of how this works. Examples 1 and 3 both assume a grandfathered early benefit of \$1,000.00, while Example 2 assumes a grandfathered early benefit of \$2,000.00.

Example 1 – Retire Early and Cease Working: You have a monthly accrued benefit as of July 1, 2013 of \$1,000, you apply to retire on July 1, 2014, and you indicate your present intention not to return to Covered Employment. Your Early Retirement Benefit will be your entire \$1,100 accrued benefit, reduced (if appropriate, based on your age and service) for commencement at age 55.

Example 2 – Retire Early with “Rule of 90” and Continue Working: You have a monthly accrued benefit as of July 1, 2013 of \$2,000 and you apply to retire on July 1, 2014, but you intend to work additional hours in Covered Employment before your Normal Retirement Date. In addition, at age 55, you qualify for unreduced “Rule of 90” early retirement. Your grandfathered early benefit payable at age 55 will be your unreduced \$2,000 accrued benefit as of July 1, 2013 (adjusted for optional payment form). Payment of a benefit based on your additional \$100 non-grandfathered benefit will be delayed until you can indicate your intention not to return to Covered Employment before age 62 (or until your Normal Retirement Date, if earlier). Suppose you meet this requirement at age 60. At that point, you can begin receiving an additional \$100 (adjusted for optional payment form). In addition, when you start this benefit you will receive a single sum payment of interest on the period of deferral with the first payment of your non-grandfathered early benefit.

Example 3 – Retire with Standard Reduced Early Pension and Continue Working: You have a monthly accrued benefit as of July 1, 2013 of \$1,000 and you apply to retire on July 1, 2014, but you intend to work additional hours in Covered Employment before your Normal Retirement Date. In addition, at age 55, you qualify for reduced early retirement. Your Early Retirement Benefit will be \$580 (adjusted for optional payment form). This is your grandfathered early benefit of \$1,000 reduced by 42% (7 years times 6%) for commencement at age 55. Payment of a benefit based on your additional \$100 accrued benefit will be delayed until you can indicate your intention not to return to Covered Employment before age 62 (or until your Normal Retirement Date, if earlier). Suppose you meet this requirement at age 60. At that point, you can begin receiving an additional \$88 (adjusted for optional payment form). This is your non-grandfathered early benefit of \$100, reduced by 12% (2 years times 6%) for commencement at age 60. In addition, when you start this benefit you will receive a single sum payment of interest on the period of deferral with the first payment of your non-grandfathered early benefit.

If you begin receiving a grandfathered early benefit and thereafter earn additional Credited Service for work performed before age 62, you will also be entitled to receive a Supplemental Benefit at your Normal Retirement Date as provided in the present Plan.

Should you have any questions, please contact the Pension Office, Monday through Friday, 7 am – 5 pm:

By phone: (314) 644-4802, ext. 1001
Toll-free: (877) 232-3863, ext. 1001
By email: pension@carpdc.org

Sincerely,

Carpenters' Pension Trust Fund of St. Louis