



**Electrical Insurance Trustees
Pension Plan No. 2 and Retiree
Medical Coverage for Construction Workers**

July 29, 2004

BENEFITS UPDATE

The Trustees have made the following important changes and clarifications to the Electrical Contractors Association and Local Union 134 I.B.E.W. Joint Pension Trust of Chicago Pension Plan No. 2 ("Pension Plan No. 2") and the Retiree Medical Plan eligibility provisions in the Electrical Insurance Trustees Health & Welfare Plan for Construction Workers (the "Health & Welfare Plan"). Please keep this Update with your Pension Plan No. 2 Booklet and your Health & Welfare Booklet because it supplements the information in those Booklets.

Changes to Pension Plan No. 2

Pension Benefit Rate Increase

Effective January 1, 2005, the pension benefit rate will increase from \$50 to \$52.50 per month for each of your years of Credited Service. This means, if you retire from Covered Employment on or after January 1, 2005, your monthly benefit will be determined by the following formula:

$$\$52.50 \times \text{your years of Credited Service}$$

If you earn Credited Service and Eligibility Service in 2004 (meaning you've earned at least 400 hours of each type of service) and you retire after working in Covered Employment on or after July 1, 2004, you also will be eligible for the \$52.50 rate, for pension payments beginning January 1, 2005.

For example, suppose you work in Covered Employment until August 5, 2004 and then apply for pension benefits. Your pension benefit payments will begin September 1, 2004 and will be based on a pension benefit rate of \$50 times your years of Credited Service. However, the amount of your pension benefits will be recalculated for payments beginning January 1, 2005, based on the benefit rate of \$52.50.

This change in the pension benefit rate does not apply to anyone who stops working in Covered Employment before July 1, 2004; in other words, if you have not yet retired, you must work in Covered Employment on or after July 1, 2004 to be eligible for this pension benefit rate increase, provided you have earned Eligibility Service and Credited Service after January 1, 2004. Additionally, if you have not yet retired and you have two or more consecutive Break Years, please refer to the section below entitled "Interruption of Covered Employment Before Pension Payments Begin" to determine how the amount of your pension benefits will be determined.

Hours Banking

Under the current terms of Pension Plan No. 2, you receive a year of Credited Service if you have at least 1,600 hours of Covered Employment during a calendar year. Credited Service is used to determine your pension benefits payable under Pension Plan No. 2.

Beginning January 1, 2005, you will be able to carry over any hours of Credited Service you earned in excess of 1,600 in a calendar year into the next calendar year, provided you have at least 400 hours of Covered Employment in that calendar year. This means, if you earn more than 1,600 hours of Credited Service in one calendar year, and less than 1,600 (but at least 400) in the next calendar year, you can use these "banked" hours to help meet the 1,600 hours requirement for that next calendar year. This gives you the opportunity to receive a full year of Credited Service for a calendar year in which you work less than 1,600 hours. Hours worked in Covered Employment during 2004 will be considered for banking in 2005 (that is, hours worked in Covered Employment during 2004 that exceed 1,600 will be banked for use in 2005).

Banked hours only carry over for one calendar year, so if you don't need them to meet your 1,600 hours of Credited Service in that calendar year, those banked hours will lapse and will not be available to carry over to a later calendar year.

Interruption of Covered Employment Before Pension Payments Begin

Generally, if you stop working in Covered Employment for two or more consecutive Break Years (meaning you had at least two consecutive years in which you did not earn Eligibility Service), then your pension benefit will be determined based on the following rules:

1. If you return to work in Covered Employment before August 15, 2004 and earn Eligibility Service and any Credited Service after that date, your benefit will be determined by the Plan provisions in effect on the last date you work in Covered Employment.
2. If you return to work in Covered Employment on or after August 15, 2004 and earn two years of Credited Service within a 36 month period, your pension benefit will be determined by the Plan provisions in effect on the last date you work in Covered Employment.
3. If you return to work in Covered Employment, but you don't meet the requirements of paragraphs 1 or 2 above, your pension benefit will be determined separately for the time before and after the Break Years as follows:
 - a) Your pension benefit for your Credited Service before the Break Years will be based on the Plan provisions in effect on the date you stopped working in Covered Employment before the Break Years.
 - b) Your pension benefit for your Credited Service after the Break Years will be based on the Plan provisions in effect on the date you stopped working in Covered Employment after the Break Years.
4. If you don't return to work in Covered Employment after the Break Years, your pension benefit will be based on the Plan provisions in effect on the date you stopped working in Covered Employment.

Change to Retiree Medical Eligibility under the Health & Welfare Plan

Effective July 1, 2004, the eligibility requirements for retiree health care benefits under the Health & Welfare Plan have changed as noted below:

You (and your eligible dependents) are eligible for retiree health care benefits if:

- You are receiving a benefit from and have at least 15 years of Credited Service (changed from 10 years of Eligibility Service) under Pension Plan No. 2, *and* you have been covered as an active member under the Health & Welfare Plan throughout the two years before your retirement, *or*
- You have at least 30 years of Credited Service under Pension Plan No. 2.

IMPORTANT INFORMATION

This Update is intended to serve as a Summary of Material Modifications and ERISA §204(h) Notice, as applicable, for the following Plans. If any conflicts exist between the terms of this Update and the official documents of each Plan, the terms of the official Plan documents will control. The Trustees reserve the right to amend, modify or terminate the Plans at any time. Receipt of this Update does not confer any eligibility or entitlement to any benefits.

Health & Welfare Plan

Employer Identification Number: 36-1033970
Plan Number: 501

Pension Plan No. 2

Employer Identification Number: 51-6030753
Plan Number: 002