

IBEW LOCAL UNION 456

WELFARE, PENSION AND ANNUITY FUNDS

Quick Reference Guide

Effective June 1, 2009

Important Notice: This is an outline of the principal plan provisions of the IBEW Local Union 456 Welfare, Pension and Annuity Plans and is not intended to completely describe the Plan provisions. In the event of any discrepancy between this outline and the Plans, the Plan Documents shall govern. For further information, please review your Summary Plan Description or contact the office of the Administrator, I. E. Shaffer & Co., at P. O. Box 1028, Trenton, NJ 08628. Telephone 1-800-792-3666.

07/28/09

IBEW LOCAL UNION 456 WELFARE FUND

Effective September 1, 2007

Eligibility Rules

You will become initially eligible on the first day of the month following an employment period of twelve consecutive months during which you have been credited with at least 1,200 hours of service. Apprentices, and, under certain conditions, employees of newly organized employers, will become initially eligible on the first day of the month following the completion of 300 hours of service within a period of six consecutive months.

To maintain your eligibility thereafter, you must have at least 300 hours of service each calendar quarter. Your eligibility will terminate on the last day of the second month following the calendar quarter during which you fail to receive credit for at least 300 hours.

Hours of service in excess of the hours required to establish and maintain eligibility will be placed in a reserve and will accumulate up to a maximum of 600 hours. You will also receive 150 service hours credited to a reserve for each full calendar year that you are eligible up to a maximum of 1,500 hours. These reserves will be drawn upon to maintain your eligibility if you should fail to receive credit for at least 300 hours of service during a subsequent calendar quarter. However, you are not entitled to receive reserve or service hours until you have been eligible to receive benefits for at least 24 consecutive months.

If you become disabled while eligible, you will be credited with 25 disability hours for each week that you are disabled up to a maximum of 600 hours for any one continuous period of disability.

Should your eligibility terminate, it will be reinstated provided you are credited with at least 300 hours of service during a calendar quarter which ends within 10 months from the date your eligibility terminated. Hours of service worked during the calendar quarter immediately preceding your termination date, plus any accumulated reserve hours, will be applied towards this 300 hour requirement. Your eligibility will reinstate on the first day of the second month following that calendar quarter during which you meet this 300 hour requirement. If you do not satisfy this reinstatement provision, you will be treated as a new employee and will be subject to the 1,200 hour requirement for initial eligibility outlined above.

If you are a non-bargaining employee of an eligible participating employer, you will become eligible on the first day of the fourth month following your employment. Your eligibility will terminate on the last day of the month that follows the month for which your employer last makes required contributions.

Following your retirement, you will be eligible for retiree benefits provided all the following requirements are satisfied:

- ◆ You have been eligible for benefits under the Welfare Fund as an active employee for at least 60 of the 80 quarters prior to your retirement.
- ◆ You have attained age 55 or are totally and permanently disabled.
- ◆ You are entitled to receive a monthly retirement benefit from the IBEW Local Union 456 Pension Fund (not required for non-bargaining employees).
- ◆ You make the required contributions in the amount established by the Trustees. If you have not attained age 62, the required contribution is \$500 per month for retirees with dependents and \$250 per month for retirees with no dependents. Contributions are not required after you have attained age 62 or if you are receiving a disability pension from the Local 456 Pension Fund. If you fail to make the required contributions prior to age 62, you will not be eligible as a retired employee after age 62.

If you or your dependent loses eligibility, self-pay continuation of coverage is available under COBRA for up to 36 months. Your accumulated reserve hours will be applied before self-pay is required. The current monthly self-pay rates for the full plan under COBRA are:

Single	\$460.00
Parent/Child(ren)	\$690.00
Family	\$920.00

If your spouse and eligible dependent children lose eligibility due to your death, self-pay continuation of coverage is available for an indefinite period of time at the current COBRA rates. If your surviving spouse is eligible for Medicare, the cost of the continued coverage is \$100 per month. If you are covered as a retired employee at the time of your death, or eligible to be covered as a retired employee had you retired the day prior to your death, coverage will continue to your spouse at no cost.

Types of Plan Benefits

- ◆ Life Insurance, Accidental Death and Dismemberment, Retiree Death Benefit
- ◆ Temporary Disability
- ◆ Medical
- ◆ Dental
- ◆ Vision
- ◆ Employee Assistance Program - pre-certification required for all treatment associated with mental/nervous and substance abuse treatment

CIGNA Healthcare Network Benefits

	<u>In-Network</u>	<u>Out-of-Network</u>
In-patient Hospital	100%	80% after deductible
Out-patient Hospital	100%	80% after deductible
Physician Services:		
In-hospital services	100%	80% after deductible
Office or home services	100% after \$10 co-pay	80% after deductible
Diagnostic X-ray and Lab	100%	80% after deductible

How To Find A CIGNA Healthcare Provider

- ◆ CIGNA Provider Directory
- ◆ Call CIGNA at 1-800-768-4695
- ◆ CIGNA's website at www.cigna.com/SA-PPO2
- ◆ Call I. E. Shaffer & Co. at 1-800-792-3666
- ◆ As your physician, hospital, lab or other provider

IBEW LOCAL UNION 456 WELFARE FUND
Schedule of Benefits
Effective January 1, 2009

CIGNA HEALTHCARE PPO NETWORK

Life Insurance - \$30,000 (active employees only)

Death Benefit - \$10,000 (retired employees only)

Accidental Death and Dismemberment - \$30,000 (active employees only)

Temporary Disability Benefits

Weekly Benefit - \$150

Waiting Period - 3 Days, none if hospital confined

Maximum Benefit Period - 26 Weeks

Basic Medicare Supplement Benefits (retired employees only)

Medicare Part A and B deductibles

Medicare Part B Coinsurance

Major Medical-Dental Benefits

Deductible - \$200/person, \$500/family (no deductible for dental)

Coinsurance Limits - \$1,000/person, \$2,500/family (medical expenses only)

Inpatient Hospital – semiprivate rate

In-Network - 100% no deductible

Out-of-Network - 80% after deductible

Outpatient Hospital Services:

In-Network - 100% after \$50 emergency room co-payment (waived if admitted)

Out-of-Network - 80% after deductible and \$50 emergency room co-payment (co-payment waived if admitted)

Physician Surgical and In-hospital Services:

In-Network - 100% no deductible

Out-of-Network - 80% after deductible

Major Medical-Dental Benefits - Continued

Physician Office or Home Visits:

In-Network - 100% after \$10 copayment

Out-of-Network - 80% after deductible

Laboratory and Radiology Services:

In-Network - 100%

Out-of-Network - 80% after deductible

Well Baby Visits and Immunizations To Age 2:

In-Network - 100% no copayment

Out-of-Network - 100% no deductible

Routine Annual Physical Examinations (\$500 annual maximum)

In-Network - 100% no co-payment

Out-of-Network - 100% no deductible

Mammograms:

In-Network - 100% after \$10 copayment

Out-of-Network - 80% after deductible

Shingles Vaccine (Zostavax) - employees and dependents age 60 and over

Maximum - \$250 per person, no deductible or co-payment

All Other Medical and Dental Services:

80% after deductible (no deductible for dental)

Prescription Card Program – Mandatory Generic

Generic Drugs - \$5 copayment

Preferred Brand Name Drugs - \$20 copayment

Non-preferred Brand Name Drugs - \$30 copayment

Mail Order Prescriptions – Mandatory Generic

Generic Drugs - \$5 copayment

Preferred Brand Name Drugs - \$35 copayment

Non-preferred Brand Name Drugs - \$50 copayment

Vision Benefits (payable once every 12 months) – active and retired employees

Examination - \$50

Lens, pair

Single - \$50

Bifocal - \$75

Trifocal - \$75

Contacts - \$150

Frames - \$50

Hearing Benefit (maximum benefit every 36 months)

Hearing Aid and Exam - \$2,000

Benefit Maximums

Home Health Care - 120 visits per calendar year

Inpatient Days for Mental/Nervous and Substance Abuse Treatment - 30 days per calendar year

Outpatient Mental/Nervous and Substance Abuse Treatment – 50 visits per calendar year

Supplemental Speech Therapy – 50 visits per year, up to \$50 per visit covered expense

Chiropractic Care Limits:

Maximum Covered Expense - \$30 per visit

Maximum Covered Visits per year - 30

Maximum Benefit for X-Rays per year - \$100

Lifetime Maximum for surgical procedures performed to correct myopia (near sightedness) or hyperopia (far sightedness) - \$2,000/person

Lifetime Maximum for artificial insemination, in vitro-fertilization or in vivo-fertilization) - \$20,000/person

Annual Dental Maximum - \$2,000/person

Lifetime Dental Orthodontia Maximum - \$3,000/person

Lifetime Major Medical-Dental Maximum - Unlimited

Pre-Certification Requirements

All inpatient hospital stays must be pre-certified by **CareAllies at 1-800-768-4695**. Emergency admissions must be certified within 72 hours after hospital admission. There is a \$200 penalty for failure to pre-certify.

All treatment relative to mental/nervous and substance abuse conditions must be pre-certified by the **Employee Assistance Program at 1-800-527-0035** rather than CareAllies. No benefits will be paid for treatment that is not pre-certified.

IBEW LOCAL UNION 456 PENSION FUND

Effective March 20, 2009

Important Terms

- ◆ Plan Year - Jan 1st to Dec 31st
- ◆ Credited Service
 - ◇ For service after 1/1/2000, ½ year of credit for each 500 hours of service up to a maximum of 1 year of credit for 1,000 hours.
 - ◇ For service prior to 1/1/2000, credit is based upon prior plans 456 and 358.
- ◆ Supplemental Credited Service
 - ◇ For service after 1/1/2000 – none.
 - ◇ For service prior to 1/1/2000, credit is based upon prior plans 456 and 358.
- ◆ Vested Service - 1 year of credit for 1,000 hours of service (no partial credit).
- ◆ Vesting - 100% after 5 years vested service.
- ◆ Forfeiture - occurs if prior to becoming vested you incur a period of at least 5 consecutive 1 year breaks in service which in total equal or exceed your vested service.
- ◆ Break in Service - any plan year during which you do not earn any credited service.

Types of Pension Benefits

- ◆ Normal Retirement – payable at age 62 and 5 years of participation
- ◆ Early Retirement – payable at age 55 and 10 years of credited service.
- ◆ Disability Retirement – payable at any age with Social Security Disability and 10 years of credited service.

Normal Retirement Benefits

A lifetime monthly benefit payable for life starting at normal retirement age equal to:

- ◆ \$1.00 per month for each full \$125.00 of contributions after 1/1/2008, plus,
- ◆ \$1.00 per month for each full \$100.00 of contributions from 1/1/2003 to 12/31/07, plus,
- ◆ \$1.00 per month for each full \$60.00 of contributions from 1/1/2000 to 12/31/2002, plus,
- ◆ \$1.15 per month for each full \$50.00 of contributions from 10/1/1989 to 12/31/1999 earned under prior plan 456, plus,
- ◆ \$58 per month for each year of credited service and supplemental credited service earned prior to 10/1/1989 under prior plan 456, plus
- ◆ \$60 per month for each year of credited service earned under prior plan 358.

Early Retirement Benefits

Same as Normal Retirement amount reduced by 1/3% for each month that you retire prior to age 62. For example, at age 60 your benefit would be reduced by 8%. At age 58 your benefit would be reduced by 16%. At age 55 your benefit would be reduced by 28%.

Plus, a supplement payable between the ages of 60 and 62 equal to your early retirement benefit determined above provided you have been credited with at least 5 years of credit service during 5 consecutive plan years ending on or after age 50.

Disability Retirement Benefits

Same as Normal Retirement amount with no reduction for early retirement and no supplemental benefit between the ages of 60 and 62.

Forms of Payment (applicable reduction) Note: All forms are not available for disability retirement

- ◆ Life Annuity with 120 payments guaranteed – (no reduction) - available for disability
- ◆ Life Annuity with 180 payments guaranteed (7% reduction at age 62; 3.5% at age 55)
- ◆ Life Annuity with 240 payments guaranteed (13% reduction at age 62; 8.1% at age 55)
- ◆ Spouse's Joint and 50% to Survivor (5% reduction if spouse's age is within 5 years) - available for disability with 10% reduction
- ◆ Spouse's Joint and 75% to Survivor (8% reduction if spouse's is same age) - available for disability with 13% reduction
- ◆ Spouses' Joint and 100% to Survivor (10% reduction if spouse is same age)
- ◆ Lump sum - value based on your monthly benefit, your age, and current interest rates for benefits accrued prior to 1/1/06. Payable after 24 consecutive months of retirement – monthly benefit may be paid during waiting period.

Pre-Retirement Death Benefits

Non Vested Employee With 3 Years of Credited Service Earned in Last 5 Years

- ◇ \$3,000 times your years of credited service, payable in a lump sum.

Vested Employee Under Age 55

- ◇ Lifetime benefit payable to your spouse, beginning when you would have reached age 55, equal to the full amount you would have received had you retired at age 55 and elected the spouse's joint and 50% to survivor option, or
- ◇ \$3,000 times your years of credited service, payable in a lump sum, provided you have 3 years of credited service earned in the last 5 years.

Vested Employee Over Age 55

- ◇ Lifetime benefit payable to your spouse, equal to the full amount you would have received had you retired and elected the spouse's joint and 50% to survivor option, or \$3,000 times your years of credited service, payable in a lump sum, provided you have 3 years of credited service earned in the last 5 years.
- ◇ If unmarried, the greater in the aggregate of 120 monthly payments equal to the pension benefit you would have received had you retired, or \$3,000 times your years of credited service, payable in a lump sum, provided you have 3 years of credited service earned in the last 5 years.

Totally Disabled Employee With At Least 10 Years of Service

- ◇ 120 monthly payments equal to the pension benefit you would have received had you retired.

Post Retirement Death Benefits

- ◆ Continuation of monthly benefit based upon form of payment elected at retirement.

IBEW LOCAL UNION 456 ANNUITY FUND

Effective September 1, 2008

Your Account Balance is Equal to:

- ◆ Employer Contributions, plus
- ◆ Investment Earnings, less
- ◆ Withdrawals, less
- ◆ Expenses

Types of Annuity Benefits

- ◆ Retirement – payable if age 55 and retired from the Industry.
- ◆ Disability – payable if totally and permanently disabled.
- ◆ Termination – payable if no covered employment over 3 consecutive months.
- ◆ Death - payable upon death.
- ◆ Financial Hardship - If you have been a participant under the Plan for at least 3 years, you may apply for a financial hardship distribution. All hardship distributions will be limited to the amount of money actually required for the purpose indicated below, but not more than the value of your account. No more than one financial hardship distribution is permitted during a 12 month period except that those for educational purposes or unemployment will not apply to this limitation.
 - ◇ Medical expenses of at least \$500 incurred by you or your spouse, dependent child, parent or grandchild that have not be reimbursed by insurance.
 - ◇ Tuition expenses for you, your spouse or dependent child to attend and educational institution above the high school level or a school for handicapped children.
 - ◇ Purchase of a home, cooperative or condominium apartment for your principal residence for which you have incurred down payment, contract or title expenses.
 - ◇ To prevent foreclosure or eviction from your principal residence.
 - ◇ Funeral expenses incurred due to the death of your spouse, child or parent.
 - ◇ Unemployment or temporary disability – a matching benefit equal to the benefit paid to you under the New Jersey State Unemployment Fund or the Temporary Disability Benefit Fund.

Forms of Payment

- ◆ Lump Sum
- ◆ Periodic installments over a period not to exceed your life expectancy
- ◆ Combination lump sum and periodic installments
- ◆ Joint and survivor annuity

Federal and State Income Taxes

- ◆ Annuity benefits are subject to federal and state income taxes.
- ◆ Mandatory 20% withholding applies to all payments made over less than 10 years.
- ◆ 10% IRS penalty applies if you are not 59½ or 55 and retired.
- ◆ May qualify for rollover treatment.

Investment Choices:

- ◆ Guaranteed Interest Account (Fixed Income)
- ◆ PIMCO Total Return Fund (Fixed Income)
- ◆ American Balanced Fund (Balanced)
- ◆ T Rowe Price Retirement Income, 2010, 2020, 2030, 2040 and 2050 Funds (Balanced) – default choices based on age
- ◆ Fundamental Investors (Large Cap Value)
- ◆ Black Rock Large Cap Value Fund (Large Cap Value)
- ◆ Washington Mutual Investors Fund (Large Cap Value) – closed for new investment
- ◆ Vanguard Institutional Index Fund (Large Cap Blend – Index)
- ◆ Growth Fund of America (Large Cap Growth)
- ◆ Jennison Dryden Small Cap Core Equity Fund (Small Cap Core)
- ◆ Thornburg International Value Fund (Global Equity)
- ◆ AIM Real Estate Fund (Real Estate)

Investment earnings credited daily. Investment elections may be changed daily. Access to your account with your PIN 24 hours a day, 7 days a week – www.ieshafter.com or (877) 742-3373 (toll-free).

Participants may take an asset allocation course provided by Prudential Retirement at www.prudential.com/signature/th The password is “456”.

Please visit <http://www3.prudential.com/signature/taft/local456.htm> for quarterly investment updates.