

**PLUMBERS AND STEAMFITTERS LOCAL NO. 33 RETIREMENT TRUST**

**DELAYED RETIREMENT NOTICE**

**Delaying the Date Your Pension Starts Could Affect Your Benefit Amount**

Federal law requires the Plan to inform you of the financial effect of a decision to defer the commencement of your pension payments until a later date. In general, the latest that you can start your pension payments is to April 1 following the Calendar Year in which you attain age 70-1/2. The financial effect of deferring the commencement is based on the following Plan rules.

**Regular Pension**

If you retire from Covered Employment on or after reaching age 62, with 10 Pension Credits, you are eligible for a Regular Pension, which is equal to the total number of Pension Credits earned during each of your Periods of Accrual times the accrual rate appropriate for such Period of Accrual.

The amount of the Early Retirement Pension or Deferred Pension is calculated like the Regular Pension. However, it is reduced to reflect the earlier start date.

**Early Retirement Pension**

If you are at least 55 years of age and have at 10 Pension Credits, your monthly pension amount is reduced by 1/8 of 1% or .00125 for each month prior to age 62.

Your age when you start your pension	Early Retirement Reduction Factor
55	.8950
56	.9100
57	.9250
58	.9400
59	.9550
60	.9700
61	.9850
62	1.0000

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**Deferred Pension**

If you have suffered a One-Year Break-in-Service (i.e. you fail to earn 500 Hours of Service in the Calendar Year) and you have not met the eligibility requirements for an Early Retirement Pension as of your One-Year Break-in-Service but you have attained vested status and are at least 55 years of age and have 10 Pension Credits as of your retirement Effective Date, you are eligible for a Deferred Pension. Your monthly Deferred Pension amount will be reduced as follows:

- For accruals prior to January 1, 2011: by 1/8 of 1% or .00125 for each month prior to age 62 (refer to table under Early Retirement Pension)
- For accruals on or after January 1, 2011: The reduction is based on the true actuarial reduction

Your age when you start your pension	Early Retirement Reduction Factor
55	.4990
56	.5480
57	.6030
58	.6640
59	.7330
60	.8110
61	.9000
62	1.0000

**Example of an Early Retirement Pension:**

Dave has decided his last day of employment is November 30, 2019 and that he would like to retire with an Effective Date of December 1, 2019. As of this date, he will have attained age 57 with at least 10 Pension Credits. His Regular Pension is calculated to be \$1,000 per month payable as a Single Life annuity. Dave's Regular Pension amount is reduced from \$1,000 to \$925 ( $\$1,000 \times .9250$ ) to account for his early commencement date of receiving his pension 5 years prior to age 62.

**Example of a Deferred Pension:**

Dave terminated his employment as of December 31, 2019 at age 53. He will retire effective January 1, 2027 and will have attained age 60 with at least 10 Pension Credits. His Regular Pension is calculated to be \$1,000 per month payable as a Single Life annuity of which \$360 was accrued after January 1, 2011. Dave's Regular Pension amount will be reduced from \$1,000 to the following amount to account for his early commencement date of receiving his pension 2 years prior to age 62.

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For accruals prior to January 1, 2011:  $(\$1,000 - \$360) \times .9700 = \$620.80$

For accruals on or after January 1, 2011:  $\$360 \times .8110 = \$291.96$

Total Deferred Pension:  $\$620.80 + \$291.96 = \$912.76$

This monthly benefit will be payable as a Single Life benefit as of January 1, 2027.

### **Factors That Can Significantly Affect Deferred Benefits**

When you start your pension, it is a financial decision that is affected by many factors. Along with your tax and/or financial advisors, you should consider:

**Taxes:** You will be subject to federal income taxes on the amounts that you receive from the Pension Plan. If you defer the commencement of your pension payments, you will also defer the taxation of your pension. If you do NOT defer receipt of your pension, then you will lose any benefits that you might receive from postponed taxes.

The benefits of deferring the start of your pension may be increased if you are subject to a lower tax rate in the future when you elect to begin receiving your pension. On the other hand, it is possible that federal taxation may undercut the financial effect of deferring the start of your pension if you are subject to a higher tax rate in the future when you elect to begin receiving your pension.

### **Time Value of Money:**

From the Early Retirement Pension illustration above, if you have at least 10 Pension Credits and earned \$1,000 under the Plan's benefit formula before you retired, you will receive \$925 per month if your pension starts at age 57. Even though the monthly amount payable at age 57 is less than the age 62 amount, you would have the opportunity to invest your pension payments and earn additional interest income from age 57 to age 62. If you wait until age 62 to begin payment, you will receive more per month, but you will forego 5 years of payment (from age 57 to age 62) and the potential interest income that would come with it.

### **Continued Years of Service:**

Whether you continue to work in covered employment will significantly affect the amount of your monthly pension. How your continued employment will affect your pension will be based on Plan rules regarding when and how you can accrue additional pension amounts and whether your pension payments would be subject to suspension if you work after you elect to start your pension payments. If you elect to defer retirement until after the Plan's Normal Retirement Age, you may receive an actuarially increased benefit.

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**How Long You Live:**

Whether you would realize a benefit from deferring the start of your pension will depend on how long you live. If you die while your pension is deferred or defer the start of your pension but die soon after it starts, the amount of pension that you and your survivor spouse or beneficiary receive will be significantly affected.

**Additional Information:**

The Plan's minimum distribution and death benefit rules may affect your ability to postpone receipt of your benefit. The minimum distribution rules require you to begin receiving your benefit no later than April 1 following the Calendar Year in which you reach age 70-1/2. Also, the beneficiary of a death benefit may not have the right to leave his/her benefit in the Plan.

Please review this information carefully and review the rules contained in your Summary Plan Description.