

# **Pension Plan of the Plumbers and Steamfitters Local Union No. 33 Retirement Trust**

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## **Relative Value of Benefit Payment Options**

Our Plan offers several optional forms of payment to eligible participants, in addition to the normal form of payment. These optional forms of payment have relatively the same value as the normal form of payment except as described below. The remainder of this notice explains why you need to know this, what this means, and how this was determined.

### ***What Is Relative Value?***

Relative value means the actuarial present value of each optional form of payment compared to the actuarial present value of the normal form of payment under a plan. Actuarial values of benefits are determined using:

- Mortality assumptions, which are based on standardized tables developed by actuarial organizations and life insurance companies. Information is analyzed about large groups of people to project the rates at which groups of individuals at different ages are expected to die. These statistical mortality projections are used to develop "average life expectancies."
- Interest assumptions, which estimate the likely investment earnings, over time, of money invested.

### ***What Are The Relative Values Under Our Plan?***

Under our Plan, the normal forms of payment are as follows:

- Single Life Annuity for non-married participants
- Qualified Joint and Survivor Spousal Pension (50% Joint and Survivor Annuity with a "pop-up" feature, QJSA) for married participants

The generally available optional forms of payment covered by this comparison are as follows:

- Single Life Annuity with 120 Certain Payments for all participants
- Single Life Annuity for married participants
- 75% Joint and Survivor Spousal Pension (with a "pop-up" feature) for married participants
- 100% Joint and Survivor Spousal Pension (with a "pop-up" feature) for married participants
- Level Income Option with Social Security commencement ages at 62, 66, or 67 for non-disabled participants
- Lump-sum Re-adjustment Allowance Option (10% of accrued benefit payable in lump-sum with rest payable in Single Life Annuity) for participants retiring under a Regular, Early or Disability Pension.

All generally available optional forms of payment available under our Plan have approximately the same actuarial present value as the normal form of payment for most pension applicants. Some differences arise due to differences in life expectancies; they are illustrated in the following tables.

### Non-Disabled Participants

The ratios of the present value of the optional forms to the Normal Form for non-disabled married participants around age 60 are below.

Applicable only if applying for a Non-Disabled Pension

<b>Retirement Age</b>	<b>Level Income Option with Social Security commencement age 62, 66, 67</b>	<b>Lump-sum Re-adjustment Allowance Option</b>
60	105.2%	105.2%

### Disabled Participants

The ratios of the present value of the optional forms to the Normal Form for disabled participants from ages 40 to 60 are below.

Applicable only if applying for a Disability Pension

<b>Retirement Age</b>	<b>Single Life Annuity with 120 Certain Payments<sup>1</sup></b>	<b>Lump-sum Re-adjustment Allowance Option<sup>2</sup></b>
40	A/E <sup>3</sup>	113.3%
45	108.0%	116.1%
50	110.9%	117.6%
55	110.5%	117.3%
60	110.6%	116.5%

<sup>1</sup> Both married and non-married participants

<sup>2</sup> Married participants only. For non-married participants, the actuarial present value of the Lump-sum Re-adjustment Allowance Option is approximately equal to the actuarial present value of the normal form of payment at all sample ages.

<sup>3</sup> Approximately Equal

### ***How Was This Determined?***

The valuation and reporting methodologies used are based on IRS regulations, which can be found in Treasury Regulations Section 1.417(a)(3)-1. These methodologies are fairly technical and can be difficult to understand. However, IRS regulations require that we provide this information to you.

We tested the benefits available to hypothetical non-disabled participants retiring at ages 55, 60, and 65, and to hypothetical disabled participants retiring at ages 40, 45, 50, 55, and 60. The values were calculated, for comparison purposes, using an interest rate of 7% interest and that, on average, participants and spouses live as long as predicted under the 1971 Group Annuity Mortality Table for non-disabled participants and on average, disabled participants live as long as predicted under the 1983 Railroad Retirement Board Disabled Annuitant Mortality Table. We also assume for married participants that the spouse is the same age as the participant. For the Level Income and Lump-sum Re-adjustment Allowance Options, we use this year's applicable interest rate of 5.50% for five years, 5.76% for the next 15 years, and 5.83% thereafter and the 2024 Lump Sums Unisex Mortality Table, as required by IRS regulations.

### ***What Does This Mean To Me?***

As stated earlier, basically, this means certain forms of payment are more valuable than the Normal Form for certain ages under the assumptions used. However, it is important that you realize this is not a guarantee or even a prediction of what you will actually be eligible to receive when you retire. The actual value of the different forms of payment will vary depending on how long the individual and spouse or beneficiary in fact live and on their ages when payments start.

The Benefit Election Form illustrates the relative value for all forms of payment of your benefits except for the Lump-Sum Re-adjustment Allowance Option and Level Income Option with Social Security. These two options are not shown in the Retirement Benefit Calculation Worksheet as they change each year based upon IRS regulations. Also, as the relative values shown in the Retirement Benefit Calculation Worksheet are based upon regular life expectancy, they may not be representative relative values if you are applying for a disability benefit. Upon your written request, the Plan will provide you with a similar comparison, based on your age and estimated benefits, between your normal form of payment and the other optional forms available to you. You may want to consult a financial advisor when you are nearing retirement to determine what is right for you.

*For Plan Year beginning January 1, 2024*