



**Local 705 International Brotherhood of Teamsters Pension Plan**  
1645 West Jackson Boulevard Chicago, Illinois 60612 (312) 738-2811

**EXPLANATION OF BENEFIT PAYMENT OPTIONS**  
**(QJSA NOTICE)**

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**To:** Participant/Applicant for Pension Benefits

This notice explains the normal and optional forms of benefit payments under the Local 705 International Brotherhood of Teamsters Pension Plan (the “Plan”). Your benefits will be paid to you in accordance with your normal form (based on your marital status and years of benefit service) unless you elect to receive your benefit in an optional form that is available to you.

This notice must be provided at least 30 days, but not more than 180 days, before the date your benefits are to begin. The date benefits are to begin is your “Annuity Starting Date.” You will then have until the end of the 30-day period ending on your Annuity Starting Date to make your benefit election before distribution begins. In the case where the QJSA Notice is provided to you after your Annuity Starting Date, the 30-day period will end on the date that is 30 days after the date you received the QJSA Notice. If you want to make your benefit election and have your distribution begin before the end of the 30-day period, you must waive the 30-day period. If you waive the 30-day period, distribution will begin on a date that is more than seven (7) days after the day the QJSA Notice was provided to you.

**A. Normal Forms of Benefit Payment:**

- **Unmarried Participants with less than 20 years of benefit service** – If you are an unmarried participant who has less than 20 years of benefit service, your benefit is payable in the form of a Life Only Pension. This means that monthly payments will be made for your life with no further payments made following your death. You cannot waive this form of payment, as no optional form of payment is available to you.
- **Unmarried Participants (with dependent children) who have 20 or more years of benefit service** – If you are an unmarried participant who has 20 or more years of benefit service and you have dependent children, your benefit is payable in the form of a Life Only Pension with a post-retirement death benefit. This means that monthly payments will be made for your life with a guarantee, in most cases, that the Plan will distribute at least 120 monthly payments of your benefit. If you die before receiving at least 120 monthly payments, the remainder of the 120 payments will be paid to your dependent children until the earlier of the date of the last of the 120 payments or the date your dependent children cease to be dependents under the terms of the Plan. You cannot waive this form of payment, as there is no optional form of payment available to you. However, if you are retiring on a UPS Service Pension, you may elect the UPS Service Pension Partial Lump Sum option.

**Married Participants** – If you are a married participant, your benefit is payable in the form of a 50% Joint and Survivor Pension. This means that reduced monthly payments are made for your life. Upon your death, 50% of the reduced monthly payments you received will be paid to your surviving spouse for your surviving spouse’s life. You may waive this form of payment during the 90-day period before the date your benefit is due to begin for one of the applicable optional forms described in the next section of this notice. Your spouse must consent to your waiver of the normal form of payment and your election of an optional form of payment and your spouse’s consent must be witnessed by a notary public. You may revoke any election made before your benefit payments begin and your spouse does not need to consent to the revocation. If you revoke your election,

your benefit will once again be payable in the form of the 50% Joint and Survivor Pension and spousal consent will be required for a new waiver. If you elect a form of payment other than the 50% Joint and Survivor Pension, you must complete the 50% Joint and Survivor Pension waiver form.

**B. Optional Forms of Payment:**

**50% Joint and Survivor Pension with Pop-up** – If you were in covered employment on or after September 1, 1996, you may elect to receive reduced monthly pension payments for your life. Upon your death, your spouse will receive 50% of the amount you were receiving for life. However, if your spouse dies before you, your benefit will pop back up to the amount you would have received had you elected to receive a life only pension.

**75% Joint and Survivor Pension with Pop-up** – If were in covered employment on or after January 1, 2009, you may elect to receive reduced monthly pension payments for your life. Upon your death, your spouse will receive 75% of the amount you were receiving for life. However, if your spouse dies before you, your benefit will pop back up to the amount you would have received had you elected to receive a life only pension.

**100% Joint and Survivor Pension with Pop-up** – If were in covered employment on or after September 1, 1996, you may elect to receive reduced monthly pension payments for your life. Upon your death, your spouse will receive 100% of the amount you were receiving for life. However, if your spouse dies before you, your benefit will pop back up to the amount you would have received had you elected to receive a life only pension.

**Life Only with Post-Retirement Death Benefit Feature** – If you have 20 or more years of benefit service, you may elect to receive monthly pension payments for your life with a guarantee of at least 120 monthly payments. If you die before receiving at least 120 monthly payments, the remainder of the 120 monthly payments will be paid to your surviving spouse. If you are not married at the time of your death and have dependent children, the remainder of the 120 payments will be paid to your dependent children until the earlier of the date of the last of the 120 payments or the date your dependent children cease to be dependents under the terms of the Plan.

**Life Only Benefit** – If you have at least 10 years of benefit service, you may elect to receive monthly pension payments for your life and no further payments after your death.

It is important that you understand your rights and obligations regarding your normal form of payment under the Plan and any alternative form of payment available to you. Further, attached is a *Relative Value Participant Notice* that shows you the actuarial present value of each optional form of payment available under the Plan. You will be informed of the approximate amount of your benefits before your benefits begin.

You should contact the Fund Office at (312) 738-2811 if you have any questions.

## **LOCAL 705, INTERNATIONAL BROTHERHOOD OF TEAMSTERS PENSION PLAN**

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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 available under our Plan. 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 the money put aside to pay benefits. This is important in the determination of actuarial value because investment earnings provide some of the money used to pay benefits.

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

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

- For single participants: Life Only Annuity, with post-retirement death benefit if the participant has 20 or more years of service.
- For married participants: Qualified Joint and Survivor Annuity, which under the Plan is a 50% Joint and Survivor Annuity.

The optional forms of payment are the:

- 50% Joint and Survivor Annuity with Pop-up, converted from the normal form based on simplified factors.
- 75% Joint and Survivor Annuity with Pop-up, converted from the normal form based on simplified factors.
- 100% Joint and Survivor Annuity with Pop-up, converted from the normal form based on simplified factors.

With the following exceptions, all optional forms of payment available under our Plan have approximately the same actuarial present value as the normal form:

- For married participants retiring at age 55 with less than 20 years of service, the actuarial value of the 100% Joint and Survivor Annuity with Pop-Up is worth 94.91% of the normal form.
- For married participants retiring at age 50 with at least 20 years of service, the actuarial value of the 100% Joint and Survivor Annuity with Pop-Up is worth 93.78% of the normal form.

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

The valuation and reporting methodologies used were 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.

The values were calculated, for comparison purposes, assuming the Fund would earn 7.5% interest and that, on average, participants and spouses would live as long as predicted under the 1983 Group Annuity Mortality table. We also assumed for married participants that the spouse is the same age as the participant.

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

As stated earlier, basically, this means that most optional forms of payment have relatively the same value as the normal form of payment under our Plan. However, it is important that you realize that 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.

Upon your written request, you will be provided with a similar comparison, based on your own age and estimated benefits, between your annuity form of payment and on any other forms of payment that you are eligible for. You may want to consult a financial advisor when you are nearing retirement to determine what is right for you.

*For pension application while the Plan is in critical ("Red Zone") status.*

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