



# Report

of the International Union of Operating Engineers and Participating Employers

Volume 39

Number 1

March 2009

## Notice of Reduction in the Benefit Accrual Rate for Future Service Only

At its most recent meeting, the Board of Trustees amended the Plan of Benefits to reduce the Benefit Accrual Rate for Credited Future Service. The Benefit Accrual Rate is applied to contributions made on behalf of participants to determine the amount of monthly benefit that will be payable at Normal Retirement Age. This reduction will become effective April 1, 2009. No other changes to the Plan of Benefits have been made.

### ***The Reduction***

The current Benefit Accrual Rate is 3% of contributions. Effective April 1, 2009 that rate will be reduced to 1%. The reduced rate will apply only to contributions for hours worked on and after April 1, 2009.

For example, under the Plan's current formula, for each \$1,000 of employer contributions a participant earns a normal retirement benefit of \$30 per month. Effective April 1, 2009, a participant will earn a normal retirement benefit of \$10 per month for each \$1,000 of employer contributions made on his or her behalf.

### ***All Prior Benefits Fully Preserved***

This reduction does not in any way affect the benefits currently being paid to pensioners and beneficiaries, nor does it affect in any way the benefit amounts accrued by active participants prior to April 1, 2009. The amendment also does not apply to participants from merged plans whose Benefit Accrual Rates are governed by the terms of merger agreements.

### ***The Reason for This Action***

This action was required to meet the Plan's funding requirements under federal law due to the recent severe downturn in the worldwide capital markets.

### ***The Future***

No one can predict how quickly the capital markets will recover from their current condition. However, as that recovery takes place the Board of Trustees, as it has throughout the Fund's history, will increase the Benefit Accrual Rate as prudence and sound financial judgment permit.

## Notice of Funded Status Election

Pursuant to the Worker, Retiree, and Employer Recovery Act of 2008, the Board of Trustees has elected to retain its 2008 funded status, as certified by the Fund Actuary. Accordingly, in 2009 the Fund retains its healthy, Green Zone, funded status under the Pension Protection Act of 2006.