

# Western States Office and Professional Employees Pension Fund

## IMPORTANT INFORMATION ABOUT YOUR PENSION

### ***MPRA APPLICATION APPROVED***

September 25, 2018

To: All Plan Participants, Beneficiaries and Employers  
From: Board of Trustees, Western States Office and Professional Employees Pension Fund ("Pension Plan")  
Subject: Approval of the Pension Plan's Multiemployer Pension Reform Act of 2014 ("MPRA") Benefit Reduction Application

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**Approval:** The U.S. Department of the Treasury ("Treasury") announced on September 14, 2018, that the Pension Plan's MPRA 30% benefit reduction application was approved. Voting was conducted by Treasury, and not the Pension Plan. A copy of the Treasury's letter is enclosed.

**Effective Date:** MPRA benefit reductions are effective for benefits accrued on or before September 30, 2018. **This means that the benefit reduction applies to checks and ACH deposits issued on or after October 1, 2018.**

**Implementation:** The Plan Administrative Office is busy working to implement the benefit reduction as soon as possible. The highest priority will be given to retirees, beneficiaries and alternate payees in pay status, followed by participants who have submitted a retirement application and then active participants.

**Information:** You can contact the Plan Administrative Office at the address and phone number provided below. Plan information is available at the following websites:

Plan information and forms: [www.wspensionbenefits.org](http://www.wspensionbenefits.org).

MPRA application information: [www.wspensionrecovery.com](http://www.wspensionrecovery.com)

**Attachments:** A Statement of Material Modification explaining MPRA benefit reductions is attached. An updated Summary Plan Description will be issued later in 2018. A copy of the letter from the Department of Treasury.

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## STATEMENT OF MATERIAL MODIFICATION

### WESTERN STATES OFFICE AND PROFESSIONAL EMPLOYEES PENSION FUND

The Plan is amended to implement the MPRA benefit reduction as follows:

#### MPRA BENEFIT REDUCTION AMOUNT

The MPRA benefit reduction amount is 30% of your accrued benefit. The 30% benefit reduction applies to **benefits accrued before October 1, 2018**. Subject to the limitations discussed below, the MPRA benefit reduction applies to any Participant, retiree, beneficiary or alternate payee under the Plan, whether or not in pay status as of October 1, 2018.

<p><b><u>Please Note:</u></b></p>	<p>The MPRA benefit reduction <b>does not</b> apply to benefits accrued on or after October 1, 2018. This means that if you are an active Participant your benefit statement will have two parts: (1) benefits accrued before October 1, 2018, which are subject to the MPRA benefit reduction, and (2) benefits accrued on or after October 1, 2018, which are not subject to the MPRA benefit reduction.</p>
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#### LIMITATIONS

The MPRA reduction amount is subject to **all** of the following limitations. The Plan Administrative Office will coordinate the calculation of your MPRA benefit reduction and will determine if any limitations apply to your benefit reduction.

##### **PBGC Minimum**

The monthly benefit of any Participant or beneficiary may not be reduced below 110 percent of the monthly benefit guaranteed by the PBGC under Section 4022A of ERISA on the date of the reduction. This means that if the MPRA benefit reduction reduces your benefit below 110% of the PBGC minimum, the Plan Administrative Office will limit the reduction of your benefit to satisfy this requirement.

##### **Disability Benefits**

Benefits based on disability (as defined under the Plan) **are not** subject to the MPRA benefit reduction. This limitation extends to the beneficiary of a Participant who receives a disability pension.

##### **Age Limitation – Participants age 80**

Benefits of any Participant, retiree, beneficiary or alternate payee who has attained **80 years** of age as of October 31, 2018, **are not** subject to the MPRA benefit reduction. This limitation extends to the beneficiary of a Participant who has attained age 80 years as of October 31, 2018.

##### **Age Limitation – Participants age 75 to 79**

Benefits of any Participant, retiree, beneficiary or alternate payee who has attained **75 years** of age as of October 31, 2018, are subject to the MPRA benefit reduction. However, the MPRA 30% benefit reduction is adjusted based on the Participant's age. This limitation extends to the beneficiary of a Participant who has attained age 75 years as of October 31, 2018. The adjustment factor is described below.

### **Adjustment Factor**

Numerator: = the number of months during the period beginning with November, 2018 and ending with the month during which the Participant attains age 80

Divided by:

Denominator: = 60 months (set by MPRA)

<b>ADJUSTMENT FACTOR EXAMPLE</b>
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For purposes of this example only, assume the following:

1. Participant is in pay status as of October 1, 2018.
2. Participant's birthday is October 1, 1942. That means Participant is age 76 on October 31, 2018.
3. Participant will turn age 80 on October 1, 2022.

Under this example, the Participant's MPRA benefit reduction percentage is adjusted as follows:

Numerator: 48 (number of months until age 80)

Denominator: 60 (statutory number)

Adjustment factor: = 0.8 (the result of 48 divided by 60)

MPRA benefit reduction: = 24% (the result of 30% times 0.8)

So in this example, the Participant's MPRA benefit reduction is 24% rather than 30%.

Note: The Participant's benefit cannot be reduced below 110% of the PBGC minimum, as discussed above.

### **PLAN ADMINISTRATIVE OFFICE CALCULATION**

The Plan Administrative Office will coordinate the calculation of your MPRA benefit reduction, including any limitations that apply to the reduction.

### **REDUCTION PERIOD IS INDEFINITE**

MPRA benefit reductions shall remain in effect until the earlier of:

- (1) the first day of the first Plan Year following the Plan Year in which the Board of Trustees fails to maintain a written record of the Board's determination, pursuant to Internal Revenue Code Section 432(e)(9)(C), that both: (a) all reasonable measures to avoid insolvency continue to be taken during the MPRA benefit reduction period; and (b) the Plan is projected to become insolvent unless benefits continue to be reduced; or
- (2) the Plan's funding status improves to the extent the Board of Trustees can adopt an amendment providing for future benefit improvements and the amendment satisfies the requirements of Internal Revenue Code Section 432(e)(9)(E).

### **NO LIABILITY**

The Plan shall not be liable for any benefit payment(s) not made as a result of the MPRA benefit reduction.