

INDIANA LABORERS PENSION FUND

DESCRIPTION OF THE CONSEQUENCES OF FAILING TO DEFER RECEIPT OF A DISTRIBUTION

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. All of the following illustrations are based on the Plan's 'normal form' of payment for single participants, which is a Single Life Annuity. This is a monthly benefit payable for your lifetime.

The financial effect of deferring the commencement is based on the following Plan rules:

- If you are at least 55 years of age and have at least 5 years of service, your monthly pension is reduced by ¼% for each month prior to age 60.
- If you have at least 30 years when your payments start, your monthly pension amount is unreduced (a special transition rule applies to employees who were participants prior to 6/1/03, have 30 plan years during which at least 1 hour was worked, but do not have 30 years of service).
- If you are at least 60 years of age and have been a Plan participant for at least 5 years when your payments start, your monthly pension amount is unreduced.

In general, the latest that you can start your pension payments is April 1 following the calendar year in which you attain age 70 ½.

For the following illustrations, we are assuming that you have earned a monthly pension of \$1,000.00 per month based on the Plan's benefit formula, that it will be paid as a Single Life Annuity and that you will not earn any additional benefits from work in covered employment in the future.

Your age when you start your pension	Your monthly pension amount with at least 5 years of service, but less than 30 years of service	Your monthly pension amount with at least 30 years of service
55	\$ 850.00	\$1,000.00
56	\$ 880.00	\$1,000.00
57	\$ 910.00	\$1,000.00
58	\$ 940.00	\$1,000.00
59	\$ 970.00	\$1,000.00
60	\$1,000.00	\$1,000.00

Factors That Can Significantly Affect Deferred Benefits

When you start your pension 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 actually 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 illustration above, if you have at least 5 years of service but less than 30 years of service and earned \$1,000 under the Plan's benefit formula before you retired, you will receive \$850 per month if your pension starts at age 55 or \$1,000 per month if your pension starts at age 60. Even though the monthly amount payable at age 55 is less than the age 60 amount, you would have the opportunity to invest your pension payments and earn additional interest income from age 55 to age 60. If you wait until age 60 to begin payment, you will receive more per month, but you will forego 5 years of payment (from age 55 to age 60) and the potential interest income that would come with it.

On the other hand, if you have at least 30 years of service and you continue to defer your retirement after age 55 (to age 60), you would still receive \$1,000 per month (i.e. there is no additional increase for deferral after age 55). In this situation, because your monthly amount would not change, you need to look at other factors that affect the value of deferring your pension.

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.

How Long You Live

Whether you would actually 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 surviving spouse or beneficiary receive will be significantly affected.

Review your Summary Plan Description

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 ½. Also, the beneficiary of a death benefit may not have the right to leave his/her benefit in the Plan. These rules are contained in your Summary Plan Description.

INDIANA LABORERS PENSION FUND
RELATIVE VALUE OF OPTIONAL FORMS OF BENEFIT

Under federal law, the Plan is required to provide you a comparison of the relative value of the optional forms of benefit available under the Plan in lieu of the qualified joint and survivor annuity which is the normal form of benefit for a married person. The relative value comparison is intended to help you compare the total value of benefit distributions paid in different forms. The relative value calculation is made by converting the value of the joint and survivor annuity to the value of the single life annuity using interest rate and life expectancy assumptions (Unisex Pension 1984 (UP-84) mortality table, such table set back five (5) years for joint annuitants, and an interest rate of six and one-half percent (6 ½%) and comparing it to the optional forms. All comparisons are based on the average life expectancies for someone you and your spouse's ages. The ultimate value of any optional form of benefit will depend on how long you actually live. *Every optional form of benefit under the Plan has an approximately equal value to the normal form of benefit.*

m:\docs\inlabs\pension\relative value\ppa 1102(b) notice_final 08.doc