

## Important Pension Plan Information

March 2006

Dear Participant:

As the Trustees of your Plan, we are pleased to provide you with retirement benefits to help you during your retirement years. One of our most important responsibilities is ensuring the financial stability of our Fund. We work with professional investment advisors and consultants to help manage our Fund's investments and ensure adequate funding to pay benefits to current *and* future retirees.

We invest and carefully monitor the Pension Fund assets and contributions. Strong investment returns during the mid- to late-1990's helped most retirement plans grow, including ours. However, since 9/11, investment returns of both stocks and bonds have been far from favorable.

Due to lower than expected investment returns and an overall downturn in the economy, retirement plans across the country, including ours, have experienced financial challenges in recent years. As a result, we have reviewed the Pension Plan and are modifying the way a Normal Retirement Pension benefit is calculated. This change is designed to maintain the Pension Fund's reserves, which are used to pay future benefits. In addition, the Plan has clarified the eligibility requirements for pre-retirement death benefits from the Fund. These modifications are highlighted in the information below.

### Normal Retirement Pension Calculation Changing

To calculate a Normal Retirement Pension, contributions made on your behalf are multiplied by a factor (or multiplier) and your vesting percentage. **Effective April 1, 2006, for contributions made on your behalf for work on and after April 1, 2006, the multiplier will be 3%.** This new multiplier only applies to contributions made on your behalf for work on and after April 1, 2006. Benefits earned before April 1, 2006, will not change. **Additionally, this change does not affect participants who are already receiving a pension benefit from the Fund.**

As of April 1, 2006, a Normal Retirement Pension will be calculated as follows:

$$\left( \left( \begin{array}{l} \text{Contributions} \\ \text{made on your} \\ \text{behalf before} \\ \text{April 1, 2006} \end{array} \times 3.6\% \right) + \left( \begin{array}{l} \text{Contributions} \\ \text{made on your} \\ \text{behalf on and after} \\ \text{April 1, 2006} \end{array} \times 3.0\% \right) \right) \times \text{Your vesting percentage}$$

The Normal Retirement Pension is calculated differently if you left covered employment before April 1, 2000 or if you did not work at least 500 hours in covered employment in either the Plan Year that began April 1, 1998 or April 1, 1999.

#### *Example*

*When Jake retires on April 1, 2007, he is age 60 and 100% vested. His employer contributions before April 1, 2006 are \$83,400 and \$7,300 after April 1, 2006. Jake's Normal Retirement Pension is calculated as follows:*

$$((\$83,400 \times 3.6\%) + (\$7,300 \times 3.0\%)) \times 100\% = \$3,221.40$$

*In this example, Jake's Normal Retirement Pension is \$3,221.40 per month — or \$38,656.80 a year, assuming payment in the five-year certain and life form of payment, which is the normal form of payment for an unmarried retiree. However, remember that Jake's benefit amount will be adjusted, depending on the benefit option he elects.*

## **Pre-Retirement Death Benefits Eligibility**

The Plan provides pre-retirement death benefits if you have at least three years of vesting service. Generally, if you have 10 or more years of vesting service and die within two Plan years of a Plan year in which you worked at least 500 hours, your beneficiary will receive a larger benefit than if you have less than 10 years of vesting service. Effective April 1, 2006, service credited in accordance with a Reciprocal and/or Pro-Rata Agreement will not be counted toward earning the 10 years of vesting service. That means that you must have 10 or more years of vesting service under this Plan for your beneficiary to be eligible for the larger pre-retirement death benefit.

## **More Information**

More detailed information about your Pension Plan benefits are provided in your Summary Plan Description (SPD), 2003 edition. Since there have been several improvements and clarifications to the Plan since the SPD was printed, a summary of all Plan modifications since the SPD was printed is included.

We continually monitor the Plan to ensure that we provide the best benefits possible given the available resources. If you have questions about this information or your benefits in general, please contact the Fund Office.

Sincerely,  
Board Of Trustees

*This announcement serves as a Summary of Material Modifications and contains only highlights of certain features of the Midwest Operating Engineers Pension Plan. Full details are contained in the Plan Documents that establish the Plan provisions. If there is a discrepancy between the wording here and the documents that establish the Plan, the Plan Document language will govern. The Trustees reserve the right to amend, modify, or terminate the Plan at any time.*

## Summary of Plan Modifications And Clarifications To The Summary Plan Description, 2003 Edition

<p><b>Contiguous Noncovered Employment</b></p>	<p>Contiguous noncovered employment occurs when you work for an employer at a position that does not require contributions to the Fund and that immediately precedes or follows your employment in covered employment for which the employer is required to contribute to the Fund on behalf of other employees.</p> <p>Effective October 1, 2004, the Trustees will grant contiguous noncovered service for vesting purposes <i>only</i> if the Trustees determine that it will not have a material adverse financial impact on the Plan. If an employer has a collective bargaining agreement with the Union, when a noncovered employee becomes a covered employee, the employee's service with the employer immediately before covered employment will be considered contiguous noncovered service for the purposes of vesting, subject to the Trustees determination.</p>
<p><b>Employee Definition</b></p>	<p>Effective April 1, 2005, the Plan eliminated the provision that a sole proprietor or partner in a business partnership or similar business entity is not eligible to participate in the Plan.</p>
<p><b>Vesting</b></p>	<p>Effective in January 2004, retroactive to April 1, 1997, the Plan clarified that if you are working in covered employment when you reach normal retirement age, you are automatically 100% vested in a benefit from the Plan.</p> <p>In addition, if you have at least three years of vesting service and the Plan changes the vesting schedule, you will never have less vesting service under the new vesting schedule than you had before the change.</p>
<p><b>Normal Retirement Pension</b></p>	<p>Effective April 1, 2006, for contributions made on your behalf on and after April 1, 2006, the multiplier will be 3%. This multiplier only applies to contributions made on your behalf on and after April 1, 2006. Benefits earned before April 1, 2006, will not change.</p>
<p><b>Forms of Payment</b></p>	<p>Effective July 1, 2004, the Plan added the following new forms of payment:</p> <ul style="list-style-type: none"> <li>■ Joint &amp; 75% Survivor and the Joint &amp; 75% Survivor/Pop-Up Benefit Options—expanding the survivor payment alternatives available to married participants.</li> <li>■ Accelerated (Level) Income Benefit Option, which can be combined with any payment option—expanding the payment alternatives available to participants who are eligible for Early or Normal Retirement Benefits.</li> </ul>
<p><b>Lump Sum Election</b></p>	<p>Effective for all payments made on or after March 28, 2005, if the value of your benefit is \$1,000 or less, it will automatically be paid as one lump sum payment. If the value of your benefit is more than \$1,000 but less than \$5,001, it will also be paid as one lump sum payment; however, you must elect, in writing, if you want your benefit to be paid directly to you or rolled into an eligible retirement plan before payment will be made.</p>
<p><b>Eligible Retirement Plan for Rollovers</b></p>	<p>Effective April 1, 2002, the Plan's definition of an eligible retirement plan into which a rollover is permitted was changed. An eligible retirement plan is now an individual account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 401(a) of the Code, an annuity plan described in Section 403(a) of Code, or a qualified trust described in Section 401(a) of the Code, an annuity contract described in Section 403(b) of the Code and an eligible plan under Section 457(b) of the code, which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state, that accepts your eligible rollover distribution.</p> <p>This definition also applies for distributions to a surviving spouse or to a spouse or former spouse who is the alternate payee under a qualified domestic relations order as defined in Section 414(p) of the Code.</p>

**Pre-Retirement Death Benefits**

Your spouse or beneficiary will have one year from the date of your death to elect one of the optional forms, as described below.

**Active Participants with 10 or More Years of Vesting Service or Inactive Participants with 10 or More Years of Vesting Service Who Die after Age 55**

A monthly death benefit will be paid immediately to your spouse or beneficiary, as applicable, if you have 10 or more years of vesting service (excluding credited service under a reciprocal and pro-rata agreement) and die:

- Within two Plan years after the Plan year in which you last worked 500 hours (meaning you are an active participant at the time of your death); or
- After age 55.

Your spouse or beneficiary may elect to receive this death benefit in one of the following options:

- Monthly payments for a period of 60 months beginning immediately in an amount equal to the monthly pension payment you would have received had you retired on the date of your death;
- If you are married, monthly payments equal to 50% of your accrued benefit, adjusted for the Joint & 50% Survivor form of payment, if applicable, determined as of the date of your death payable for the lifetime of your spouse. If you are not married, monthly payments equal to 50% of your accrued benefit, determined as of the date of your death converted to an equivalent monthly benefit payable over the lifetime of your beneficiary;
- A single sum payment equal to the greater of the contributions made on your behalf, or the value of the monthly payments described in either of the above; or
- 50% of the single sum payment described above with the remaining 50% paid out in equal monthly payments over either a five- or ten-year period where the monthly payments are determined to be equivalent to the remaining death benefit.

**Inactive Participants with 10 or More Years of Vesting Service Who Die Before Age 55**

A monthly death benefit will be paid to your spouse or beneficiary, as applicable, if you are inactive, have 10 or more years of vesting service (excluding credited service under a reciprocal and pro-rata agreement), and die before age 55.

Your spouse or beneficiary may elect to receive this death benefit in one of the following options:

- Monthly payments, reduced for early commencement, for a period of 60 months beginning on your earliest retirement date;
- If you are married, monthly payments equal to 50% of your accrued benefit, adjusted for early commencement and the Joint & 50% Survivor form of payment, if applicable, determined as of your earliest retirement date payable for the lifetime of your spouse. If you are not married, monthly payments equal to 50% of your accrued benefit, adjusted for early commencement, determined as your earliest retirement date converted to an equivalent monthly benefit payable over the lifetime of your beneficiary;
- A single sum payment equal to the greater of the contributions made on your behalf, or the value of the monthly payments described in either of the above; or
- 50% of the single sum payment described above with the remaining 50% paid out in equal monthly payments over either a five- or ten-year period where the monthly payments are determined to be equivalent to the remaining death benefit.

	<p><b>Active or Inactive Participants with Less Than 10 Years of Vesting Service</b></p> <p>A monthly death benefit will be paid to your spouse or beneficiary, as applicable, if you have less than 10 years of vesting service (excluding credited service under a reciprocal and pro-rata agreement).</p> <p>Your spouse or beneficiary may elect to receive this death benefit in one of the following options:</p> <ul style="list-style-type: none"> <li>■ Monthly payments for a period of 60 months beginning on your normal retirement date;</li> <li>■ If you are married, monthly payments equal to 50% of your accrued benefit, adjusted for the Joint &amp; 50% Survivor form of payment, if applicable, determined as of your normal retirement date payable for the lifetime of your spouse;</li> <li>■ A single sum payment equal to the greater of the contributions made on your behalf, or the value of the monthly payments described in either of the above; or</li> <li>■ 50% of the single sum payment described above with the remaining 50% paid out in equal monthly payments over either a five- or ten-year period where the monthly payments are determined to be equivalent to the remaining death benefit.</li> </ul>
<p><b>Disability Benefits</b></p>	<p>In general, you may be eligible for either an All Work Total Disability Pension or an Operating Engineer Total Disability Pension upon meeting the eligibility requirements.</p> <p>If you file an application for an All Work Total Disability or Operating Engineer Total Disability Pension and are eligible for both the All Work Total Disability Pension or Operating Engineer Total Disability Pension and any other type of pension under this Plan, you will receive the other type of pension.</p> <p><b>All Work Total Disability Pension</b></p> <p><i><b>Eligibility:</b></i> You are eligible if you leave covered employment due to a total and permanent Disability with at least five years of vesting service. You are considered to have left covered employment because of an All Work Total Disability only if:</p> <ul style="list-style-type: none"> <li>■ You worked in covered employment for a total of at least 900 hours for which contributions were required to be paid to the Fund in the three Plan years immediately before the Disability;</li> <li>■ You were actively employed or seeking employment as an Operating Engineer, with a contributing employer at the time the Disability occurred;</li> <li>■ The Disability occurs before you are eligible to receive retirement benefits;</li> <li>■ You have been awarded a Social Security Disability Award; and</li> <li>■ You are totally and permanently Disabled. Once an application has been made, an All Work Total Disability is defined as a physical or mental condition that the Trustees find based on medical evidence to totally and permanently prevent you from working in any occupation. However, this does not include a condition that: <ul style="list-style-type: none"> <li>● Was contracted, suffered, incurred, or resulted while you were engaged in a felonious enterprise;</li> <li>● Resulted from an intentional self-inflicted injury (chronic alcoholism or addiction to narcotic drugs is not considered a self-inflicted injury);</li> <li>● Resulted from an injury, wound, or disability incurred while serving in the Uniformed Services of the United States, or resulted from an injury, wound, or disability suffered or arising out of an act of war. Provided that, if you returned to employment after service in the Uniformed Services of the United States, and become permanently disabled more than five years after the date of your return and it is concluded that your disability did not result from an injury, wound, or disability incurred while serving in the Uniformed Services of the United States, or arising out of an act of war.</li> </ul> </li> </ul> <p>You must undergo medical examinations as may be required by the Trustees and provide reasonable information required by the Trustees. In addition, you must apply, in writing, for an All Work Total Disability Pension even if you are receiving an Operating Engineer Total Disability Pension.</p>

**Amount.** The monthly amount of the All Work Total Disability Pension, payable in the normal form, beginning on the first day of the month following your application and approval for an All Work Total Disability Pension, is equal to 70% of your accrued benefit. The monthly amount will be reduced by any W-2 earnings you earn. The All Work Total Disability Pension is payable until the date you reach your earliest retirement age.

Disability will be considered to have ended, and the All Work Total Disability Pension will end, if you:

- Return to employment, within or without the geographical area covered by the Pension Plan in work described in the scope of work provisions contained in the collective bargaining agreements entered into between the Union and the employers;
- In the opinion of the Trustees based on medical findings, have sufficiently recovered to be able to resume employment;
- Refuse to undergo medical examination or provide reasonable information requested by the Trustees; provided, however that you will not be required to undergo a medical examination more often than twice a year; or
- You reach your earliest retirement age.

### **Operating Engineer Total Disability**

**Eligibility:** You are eligible if you leave covered employment due to a total and permanent Disability with at least five years of vesting service. You are considered to have left covered employment because of an operating engineer total disability only if:

- You worked in covered employment for a total of at least 900 hours for which contributions were required to be paid to the Fund in the three Plan years immediately before the Disability;
- You were actively employed or seeking employment as an operating engineer, with a contributing employer at the time the Disability occurred;
- The Disability occurs before you were eligible to receive retirement benefits;
- You are totally and permanently Disabled, which means a physical or mental condition that the Trustees find on the basis of medical evidence to totally and permanently prevent you from engaging in employment within or without the geographical area covered by the Pension Plan, in work described in the scope of work provisions contained in the collective bargaining agreements entered into between the Union and the employers.
- However, this does not include a condition that:
  - Was contracted, suffered, incurred, or resulted while you were engaged in a felonious enterprise;
  - Resulted from an intentional self-inflicted injury (chronic alcoholism or addiction to narcotic drugs is not considered a self-inflicted injury);
  - Resulted from an injury, wound, or disability incurred while serving in the Uniformed Services of the United States, or resulted from an injury, wound, or disability suffered or arising out of an act of war. Provided that, if you returned to employment after service in the Uniformed Services of the United States, and become permanently disabled more than five years after the date of your return and it is concluded that your disability did not result from an injury, wound, or disability incurred while serving in the Uniformed Services of the United States, or arising out of an act of war.

You must undergo medical examinations as may be required by the Trustees and provide reasonable information required by the Trustees. In addition, you must apply, in writing, for an Operating Engineer Total Disability Pension.

**Amount.** The monthly amount of an Operating Engineer Total Disability Pension, payable in the normal form, beginning on the first day of the month following application and approval for an Operating Engineer Total Disability Pension, is equal to 50% of your accrued benefit. The Operating Engineer Total Disability Pension is payable for a maximum of five years or, if earlier, until the date you:

- Become eligible for an All Work Total Disability Pension; or
- Reach your earliest retirement age.

	<p>Disability will be considered to have ended, and the Operating Engineer Total Disability Pension will end, if you:</p> <ul style="list-style-type: none"> <li>■ Return to employment, within or without the geographical area covered by the Pension Plan in work described in the scope of work provisions contained in the collective bargaining agreements entered into between the Union and the employers;</li> <li>■ In the opinion of the Trustees based on medical findings, have sufficiently recovered to be able to resume employment;</li> <li>■ Refuse to undergo medical examination or provide reasonable information requested by the Trustees; provided, however that you will not be required to undergo a medical examination more often than twice a year; or</li> <li>■ You reach your earliest retirement age.</li> </ul>
<b>Spousal Consent</b>	<p>Effective in January 2004, retroactive to April 1, 1997, the Plan clarified that a waiver of a Qualified Joint and Survivor Annuity must be in writing and must be consented to by your spouse. Your waiver and your spouse's must state the specific non-spouse beneficiary and specific optional form of benefit. Your spouse's consent must be witnessed by a Plan representative or notary public. If you provide, to the satisfaction of a Plan representative through an affidavit and witnessed by a notary public, that written consent may not be obtained because there is no spouse or your spouse cannot be located, a waiver will be considered a qualified election. Any consent necessary under this provision will be valid only with respect to the spouse who signs the consent, or for a qualified election, the designated spouse. Additionally, a revocation of a previous waiver may be made without your spouse's consent at any time before the benefits begin. There is no limit to the number of revocations. Any new election must comply with these requirements. A former spouse's waiver does not apply to a new spouse.</p>
<b>Return of Contributions</b>	<p>If you elect a qualified joint and survivor optional form of payment and you and your spouse die on or after July 1, 2004 before receiving total monthly payments equal to the amount of contributions made on your behalf, then monthly payments will continue to your beneficiary until the total monthly payments equal contributions made on your behalf.</p> <p>If your spouse is receiving a pre-retirement monthly death benefit and dies on or after July 1, 2004 before receiving total monthly payments equal to the amount of contributions made on your behalf, then monthly payments will continue to your beneficiary until the total monthly payments made to you and your surviving spouse equal contributions made on your behalf.</p>
<b>Post Age 70½ Increases</b>	<p>Effective in January 2004, retroactive to April 1, 1997, the Plan clarified that if you are eligible for a benefit but not receiving payments as of April 1 following the year in which you reach age 70½, your accrued benefit (provided you are not a 5% owner) will be actuarially increased for the period after April 1 until you begin receiving your benefit.</p>