TO: All Plan Participants
Beneficiaries Receiving Benefit Payments
QDRO Alternate Payees
Employers Obligated to Contribute
Local Unions Representing Plan Participants
Secretary of Labor
Pension Benefit Guaranty Corporation

FROM: Board of Trustees
Southern California IBEW – NECA Pension Plan

DATE: March 15, 2017

RE: Frequently Asked Questions Regarding Plan Changes That Are Effective April 1, 2017

Below are some frequently asked questions (FAQs) regarding the Plan Changes that are effective April 1, 2017. The questions are organized by the type of benefit being discussed (i.e. retirement benefits, disability benefits, and death benefits).

Retirement Benefit FAQs

Q1 – If I retire from active status after April 1, 2017, and before age 65, and I don’t have 44,500 hours worked, how much of my benefit do I lose?

A1 – The monthly benefit payable will be “actuarially reduced” such that the expected value of payments made to you over this longer retirement period are equal in expected value of payments that would have been made to you had you waited until age 65 to begin receiving payments. In essence, the early retirement benefit has the same expected value as if you had waited until age 65 to retire.

Under the terms of the Plan prior to the April 1, 2017 change date, the Plan allowed Participants retiring early to collect their full monthly benefit instead of having it actuarially reduced. This resulted in early retirement benefits being more valuable than benefits commencing at the Plan’s normal retirement age of 65. The difference between the value of the unreduced early retirement benefit and the value of the benefit payable at age 65 is called an early retirement subsidy.
The table below shows the early retirement benefit at various ages both before and after April 1, 2017 assuming a hypothetical Alternative Schedule Accrued Benefit of $1,000 per month payable at age 65.

<table>
<thead>
<tr>
<th>Age at Retirement</th>
<th>Alternative Schedule Monthly Retirement Benefit</th>
<th>Decrease in Monthly Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prior to April 1, 2017</td>
<td>After April 1, 2017</td>
</tr>
<tr>
<td>65</td>
<td>$1,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>64</td>
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</tr>
<tr>
<td>56</td>
<td>$1,000</td>
<td>$387</td>
</tr>
<tr>
<td>55</td>
<td>$1,000</td>
<td>$351</td>
</tr>
</tbody>
</table>

*Amounts are rounded for purpose of example. Slightly different amounts would be payable for benefits accrued under the Default Schedule.

Furthermore, unlike accruals under the Alternative Schedule where there is the possibility for a full subsidy for retirements at age 56 with at least 44,500 hours, there is no subsidy for retirements on or after April 1, 2017 for accruals under the Default Schedule.

Q2 – What does it mean when an early retirement benefit is said to be “subsidized”?

A2 – In the context of early retirement benefits, a benefit is subsidized if the expected value of the early retirement benefit payments is of greater expected value than the normal retirement benefits payable under a plan. The column labeled Decrease in Monthly Benefit in the table above, is essentially the monthly early retirement subsidy that was payable to those retiring prior to age 65 under the old plan provisions. As you can see the subsidy was substantial and thus very expensive for the Plan to provide.
Q3 – What happens to my accrual rate under Alternative Schedules 1 & 2 if I have over 42,500 covered hours but less than 44,500 covered hours?

A3 – If you had not attained your age 55 and completed 10 or more years of credited service prior to April 1, 2017, the accrual rate under Alternative Schedules 1 & 2 was 1.9% on Contributions (the amount of Employer Contributions paid on behalf of the Participant excluding off-benefit contributions) for covered hours in excess of 42,500. Effective April 1, 2017, if you have not attained your age 55 and completed 10 or more years of credited service, the accrual rate under Alternative Schedules 1 & 2 is 1.45% on Contributions under 44,500 covered hours, and is 1.90% on Contributions in excess of 44,500 covered hours. However, if you have attained your age 55 and completed 10 or more years of credited service, your accrual rate under Alternative Schedules 1 & 2 is 1.9% on Contributions regardless of your total covered hours.

Q4 – Have all subsidized early retirement benefits been eliminated?

A4 – No. Subsidized early retirement benefits are still available under the Plan for those retiring from active status after attaining age 56 and completing 44,500 covered hours. For such Participants, only the benefits they earned under an Alternative Schedule are available on a subsidized basis. Benefits earned under the Default Schedule are not available on a subsidized basis.

Q5 – How do the Plan Changes affect benefits earned by travelers?

A5 – When a Participant works outside this Plan’s jurisdiction (i.e. is a traveler), his pension contributions are sent back to his home fund (this is known as reciprocity). All such contributions sent back to this Plan and the resulting benefits are considered to be subject to the Default Schedule. As such, there is no early retirement subsidy, disability benefit, 60-month guarantee period, or 120-month guarantee period for pre-retirement death benefits available on such benefit accruals.

Q6 – Can I make a separate election if a portion of my pension benefit was earned under the Default Schedule?

A6 – Yes, for pension benefits under the Alternative and Default Schedules, separate elections can be made at retirement. Many of the features at retirement are separate and distinct.

For example, if an Active Participant meets the age 56 and 44,500 hours requirement to receive their Alternative Schedule benefit in an unreduced fashion, the Participant can elect to receive the Alternative Schedule benefit early and defer receipt of the Default Schedule benefit until a later date.
Consider a Participant who accrued a benefit of $2,000/mo. under an Alternative Schedule and $200/mo. under the Default Schedule. If this Participant has met the conditions for unreduced early retirement benefits (which are only available on benefits earned under an Alternative Schedule) the participant may elect to begin receipt of the $2,000/mo. accrued benefit earned under the Alternative Schedule and defer (postpone) receipt of the $200/mo. earned under the Default Schedule until a later date.

Additional examples can be found beginning on Page 16 of the September 28, 2016 Rehabilitation Plan, as amended. Examples are provided (most of which are as an excerpt of the booklet) appearing as Exhibit A of this document for your easy reference.

Q7 – (a) What do I need to do to lock in my current pension? and
(b) What happens to my early retirement pension when I return to work?

A7 – (a) Take all of the steps described in Answer 9 subparts (a) through (d) in order that you cash an early retirement check issued prior to April 1, 2017.

(b) When you retire, you may work in other industries and continue to receive your Pension; however, your monthly benefits from the Plan will be suspended if you return to work in the Electrical Industry, except under very limited circumstances. Your early retirement pension benefit will be suspended until age 65 if you engage in Non-Covered Electrical Employment as defined in the Plan. Your early retirement benefit is suspended for any month you perform any work as a union electrician. Portions of your early retirement benefit are also subject to suspension if you engage in any of the prohibited activities set forth in Plan Section 9.7(b)(2). These activities are described in the Summary Plan Description at pages 24-27 and in subsequent Statements of Material Modifications. These prohibited activities will result in a suspension of all or a portion of your early retirement pension benefit in accord with the Central Laborers’ Pension Fund vs. Heinz decision discussed below. Under the Plan, you have a right to contact the Fund Office in advance and advise it of any prospective employment or employment related activity, such as registering on the out-of-work book at the Local Union. Under the Plan, it is the responsibility of the Fund Office to then advise you as to the portions of your early retirement benefit which will be suspended if you engage in the proposed activity.

Once you have attained age 65, the only suspendible or prohibited employment is working 40 or more hours in California in work of the type performed by Participants of the Plan and utilizing directly or indirectly the same skills of Participants working under the Plan. Upon attainment of age 70 ½, pensioners can work as many hours in any activity or location they desire without having any portion of their pension benefits suspended.
Q8 – What does it mean when a portion of my benefit is suspended ("Heinzed")?

A8 – In the 2004 United States Supreme Court decision known as Central Laborers' Pension Fund v. Heinz ("Heinz" decision), the Court ruled that if a Board of Trustees added to the prohibited activities of early retirement pensioners that result in a suspension of early retirement benefits, only benefits accrued on and after the date of a Plan Amendment adding such restrictions would be subject to suspension. If an early retirement pensioner had accrued benefits both before and after the date of the Plan Amendment, only those benefits accrued after the date of the Plan Amendment could be subject to suspension if the early retirement pensioner engaged in the prohibited activity. Merely as one example, in 1986 the Board of Trustees amended the Pension Plan to provide that the benefits of an early retirement pensioner would be suspended in any month in which the early retirement pensioner was on the books at a Local Union. Under Heinz, if an early retirement pensioner signs the books at a Local Union, benefits accrued on and after July 1, 1986 are subject to suspension while benefits accrued prior to that date are not subject to suspension.

Q9 - What are the required steps for retirement?

A9 – Please see the following:

a. Termination of Employment
b. Notification to the Plan that employment has been terminated and participant is no longer on the company's payroll
c. Submission of pension application (including all required documentation, e.g. birth certificate) and selection of benefit form
d. Receipt and cashing of first benefit check
e. REMINDER that placement by the participant of their name on the Out of Work Book prior to retirement may delay the processing of their benefit and will cause a suspension of a portion of their benefits.
f. Contact the Pension Office before accepting employment after retirement. Learn if there will be a suspension of any/all of their benefit and if the work they desire to do is permissible.
g. Depending on the type of work (i.e. Foreman) inquire with IBEW if any recertification is required in order to accept a call from dispatch
h. Always keep the Pension Office informed of your work status.

Disability Benefit FAQs

Q10 – If I become disabled after April 1, 2017 and before I have attained age 56 and have 44,500 hours under the Plan, what are my options?

A10 – As of April 1, 2017 the disability benefits under the Plan are eliminated. Participants who become disabled before they have become eligible for unreduced
early retirement benefits should contact the Fund Office to determine what, if any, benefits may be payable to them.

Q11 – With the elimination of disability benefits, what will I do if I am hurt and can no longer work as a wireman?

A11 – If you can no longer work as a wireman due to becoming disabled, you should apply to Social Security for a disability award and if you are a veteran, you should apply for benefits from Veterans Affairs (the VA). Additionally, in some circumstances you may be eligible for Supplemental Security Income benefits. If you are eligible for retirement benefits from the Plan, you can also apply for retirement.

If your injury was job related, you may be eligible for Workers Compensation benefits. If your injury was not job related, you should apply for California State Disability Insurance (SDI) benefits. Nothing prevents you from applying for both Workers Compensation benefits and SDI benefits at the same time if there is some dispute as to whether your injury was or was not covered by any applicable Workers Compensation law.

Death Benefit FAQs

Q12 – What death benefits are available if I die after April 1, 2017 and prior to retirement?

A12 – Benefits subject to an alternative schedule are treated differently than those benefits that are subject to the default schedule. Your marital status at the time of your death also impacts the benefits available. The following table is intended to help you understand the Pre-Retirement Death Benefits available depending on your marital status for benefits not subject to the Default Schedule and those that are subject to the Default Schedule.
<table>
<thead>
<tr>
<th>Marital Status</th>
<th>Death Benefits Not Subject to the Default Schedule</th>
<th>Death Benefits Subject to the Default Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Participants</td>
<td>No changes in the Rehabilitation Plan to the current benefit. Current benefit is 120 monthly payments equal to 50% of the accrued benefit starting the month after death. If the member is not survived by children under the age of 21, benefits will be paid to the designated beneficiary.</td>
<td>No benefits are available</td>
</tr>
<tr>
<td>Married Participants</td>
<td>No changes in the Rehabilitation Plan to the current benefit. Current benefit is equal to 50% of the accrued benefit starting the month after death. If the spouse dies prior to receiving 120 monthly payments, the balance of 120 months will be paid to the beneficiary designated by the Spouse. Note, if the participant was active and eligible for normal or unreduced early retirement benefits at the time of death, the Joint and 100% Survivor benefit is payable.</td>
<td>Qualified Pre-Retirement Spouse Annuity equal to 50% of the benefit available under the 50% Joint and Survivor form of benefit assuming the member had retired and died the day before the first payment is due.</td>
</tr>
</tbody>
</table>
EXHIBIT A

Following are Early Retirement Examples. For the sake of simplicity, it is assumed that each participant is unmarried and elects benefits in the normal form of payment. For benefits under the Default Schedule, the normal form of payment for an unmarried participant is the Single Life Annuity without any guaranteed payments after death, under an Alternative Schedule the normal form of payment for an unmarried participant is a Single Life Annuity with 5 years of payments guaranteed from commencement in case of death (generally referred to as a 5 year certain and life form of payment). Other forms of payment may be available depending on marital status and whether the benefit is payable under the Default or Alternative Schedules.

Early Retirement Example A:

As of September 28, 2016 Jim has an accrued monthly benefit of $939.10 that is under the Default Schedule and $1,907.85 that is under Alternative Schedule 1(d). Jim’s total hours under the Plan are 43,000 and he is age 58. After September 28, 2016, Jim accrues 1,000 hours additional under this Plan’s Default Schedule at an hourly contribution rate of $6.09. Jim also works under Alternative Schedule 1(d) under this Plan for 1,000 hours at a total contribution rate of $7.84 where $4.85 is accruing/on-benefit.

Under the Default Schedule, Jim accrues benefits at 1% (of all the $6.09 x 1,000 hours = $6,090 in contributions) for a new accrual under the Default Schedule of 1% x $6.09 x 1,000 hours = $60.90. Jim’s total benefit under the default schedule consists of $60.90 in new accruals and $939.10 in past accruals for a total monthly benefit of $1,000.00 under the Default Schedule.

Jim works 1,000 additional hours of service under Alternative Schedule 1(d) at an hourly contribution rate of $7.84 where $4.85 is on-benefit. Assuming Jim meets the Plan’s requirements for the 1.90% accrual rate, his new accrual under Alternative Schedule 1(d) is 1.90% x 1,000 hours x $4.85 = $92.15. Jim’s total benefit under Alternative Schedule 1(d) is now $92.15 in new accruals and $1,907.85 in past accruals for a total monthly benefit of $2,000.00 under Alternative Schedule 1(d).

Jim previously had 43,000 hours and after including his additional 1,000 hours under the Default Schedule and 1,000 additional hours under Alternative Schedule 1(d), his total hours are now 45,000. Jim turns age 59 while still an Active Participant and
qualifies for and considers retirement under Early Retirement. His $1,000.00 earned under the Default Schedule if taken early would be reduced to $516.30 and his $2,000 earned under Alternative Schedule 1(d) would be unreduced if taken early.

Jim’s $2,000 Alternate Schedule benefit and $1,000 Default Schedule benefit are distinct and separate benefits. Rather than choosing to receive his Default Schedule benefit now in the amount of $516.30, he chooses to defer it to his age 65 Normal Retirement Age and receives it six years later at age 65 in the amount of $1,000 payable as a single life annuity without any guaranteed benefits after death.

However, Jim chooses to receive his $2,000 Alternative Schedule benefit early unreduced without any delay at his age 59 payable in the single life annuity form with payments guaranteed for 5 years from commencement in case of death.

Prior to the changes in this Rehabilitation Plan, Jim’s entire benefit would have been unreduced as well; his $1,000 annuity under the Default Schedule would have remained unreduced at $1,000 payable early without delay at age 59 along with his Alternative Schedule $2,000 benefit.

**Early Retirement Example B:**

Steve has the exact same circumstances as Jim except that he is age 48 with the exact same benefits, hours and new accruals as Jim. Steve looks into retiring early at age 48 with the $1,000 benefit earned under the Default Schedule and the $2,000 benefit under Alternative Schedule 1(d). Steve’s $1,000 benefit under the Default Schedule would be reduced to $180.60 payable in the single life annuity form of payment (no guaranteed payments after death). Steve’s $2,000 benefit would be reduced to $368.20 payable with 5 years of benefits guaranteed from commencement in case of death.

Steve’s benefits would be the exact same prior to the changes in this Rehabilitation Plan. The prior benefit structure provided the same reductions for a Participant Retiring under Early Retirement at age 48. After researching his options, Steve elects to defer receiving his benefit until age 65 when it will be unreduced, payable in the full $1,000 and $2,000 amounts.
Early Retirement Example C:

Edward has the exact same circumstances and benefit amounts as Jim except that he is also age 48 and when Edward earns the $1,000 Default Schedule Benefit and the $2,000 Alternative Schedule Benefit, he terminates employment at age 48 and does not choose to retire. Edward rather decides long after April 1, 2017 to retire twelve years later at age 60. Assuming the benefit structure under this Rehabilitation Plan is still in place, Edward’s $1,000 Default Schedule Benefit is reduced to $573.30 payable in the single life annuity form of benefit. Edward’s $2,000 Alternative Schedule benefit is reduced because he is not an Active employee. His $2,000 benefit is reduced to $1,158.20 payable with 5 years of benefits guaranteed from commencement in case of death. Alternatively, Edward can choose to delay receiving his benefit until age 65 when it will be unreduced and payable in the full $1,000 and $2,000 amounts.

Prior to the changes in this Rehabilitation Plan Edward’s benefits, the most recent Plan Provisions would have reduced the benefits at a rate of 0.4% per month prior to Normal Retirement Age (e.g. age 65). Under the $1,000 would have been reduced (for 5 years from 65 down to 60 at 0.4% per year) to $760 payable in the single life annuity form of payment and the $2,000 would have been similarly reduced to $1,520 payable in the 5 year certain and life guarantee form of payment.

Early Retirement Example D:

Bill has the exact same circumstances as Jim (45,000 hours and age 59) except he retires as an Active Participant after April 1, 2017. Furthermore, Bill retires after his bargaining unit switches to the Default Schedule. After timely notification prior to Bill’s retirement, his bargaining unit elected to switch to the Default Schedule placing all of his $2,000 benefit under the Default Schedule. Bill’s total benefit under the Default Schedule is the $2,000 and the $1,000 for a total of $3,000. Bill then looks into retiring early at age 59 under the Default Schedule. Under the Default Schedule, his entire $3,000 benefit would be reduced to $1,548.90 payable in the single life annuity form of benefit without guaranteed benefits after death. Bill instead chooses to defer his annuity to age 65 when his benefit will be payable unreduced in the full $3,000 amount.

Without the changes in this Rehabilitation Plan and the switch to the Default Schedule, Bill’s benefits would have been unreduced and payable in the amounts of $2,000 payable in the 5 year certain and life guarantee form and $1,000 payable in the single life form without guarantee.
Early Retirement Example E:

Dave has the exact same circumstances as Jim (45,000 hours and age 59) except he terminates at age 59 and bides his time waiting to retire at his normal retirement age of 65. Dave's benefits are entirely unreduced at age 65 and are payable in the amounts of $2,000 under Alternative Schedule 1(d) payable in the 5-year guarantee form and $1,100 payable under the Default Schedule in the Single Life form without guaranteed benefits.

Dave's benefits prior to this Rehabilitation Plan would have been the exact same.

Early Retirement Accrual Rate Example:

Jeff has 43,000 hours and is age 53 as of April 1, 2017. Since reaching 42,500 covered hours he has been accruing benefits based on 1.90% of the on-benefit contributions made on his behalf. Assuming he continues to work after April 1, 2017 under an Alternative Schedule, he will be accruing benefits based on 1.45% of the on-benefit contributions made on his behalf until he reaches the earlier of 44,500 covered hours or eligibility for early retirement (age 55 and 10 years of service). Upon reaching the earlier of 44,500 covered hours or eligibility for early retirement (age 55 and 10 years of service) he will once again accrue benefits based on 1.90% of the on-benefit contributions made on his behalf.

For example, Jeff who prior to April 1, 2017 was accruing at the 1.90% rate and up to this time had a $1,000 accrued benefit. Also, Jeff is age 53 as of April 1, 2017 and has 43,000 hours. Prior to turning age 55, he works 2,000 additional hours of service under Alternative Schedule 1(d) at an hourly contribution rate of $7.84 where $4.85 is on-benefit.

Jeff receives the 1.45% accrual rate for the 1,500 hours leading up to 44,500 total covered hours. For the 500 hours above the 44,500 hours he receives the 1.90% rate. His new accrual under Alternative Schedule 1(d) is 1.45% x 1,500 hours x $4.85 + 1.90% x 500 hours x $4.85 = $151.56. With the accruals prior to April 1, 2017, his total benefit would be $1,151.56.

Jeff's accrual rate prior to this Rehabilitation Plan would have been 1.9% for all on-benefit contributions received on his behalf after having worked 42,500 covered hours. In this example, without the April 1, 2017 change to the accrual rate, his accrual would have been 1.90% x 2,000 x $4.85 = $184.30. His total accrued benefit would have been $1,184.30.