

DEATH BENEFITS

If you die *before you retire*, your surviving spouse will receive death benefits from the Plan. The amount of death benefits the spouse receives depends on (1) your age at death, (2) the size of your Accrued Benefit, (3) your vesting status, and (4) whether you were eligible for early retirement when you terminated employment. In any event, your spouse must file an application to receive a death benefit.

The Plan offers the largest pre-retirement survivor's benefit allowed by law – the automatic 100% Joint Annuity survivor's benefit. This benefit applies to those who were active participants in the Plan at any time after August 31, 1987. Importantly, this survivor's benefit does not include a 10-year guarantee.

IF DEATH OCCURS BEFORE YOU BECOME ELIGIBLE FOR AN EARLY RETIREMENT BENEFIT --

If you die before age 55 and before satisfying the Rule of 85, your surviving spouse's benefit is calculated as if you terminated your employment on the date of your death. Then, your spouse may choose between Option A and Option B, as described in the "Terminating Employment Before Age 55" section. If you have already terminated and received a refund of your contributions and interest, your spouse will be deemed to elect Option B. Any vested benefits will be paid to your spouse as if you had elected a 100% Joint Annuity starting on the first day of the month following the day you would have reached age 55, except your spouse may elect (under Option B) to immediately receive your employee contributions and interest in a lump sum, individual member benefit, or ten-year guaranteed benefit.

Even if you were older than 55 or would have 85 "points" toward the Rule of 85, the same surviving spouse's benefit will be available *if you were not either 55 or eligible for the Rule of 85 when you terminated employment*, except any Joint Annuity will begin on the first day of the month following your death.

EXAMPLE: George, an active participant in the Plan for 10 years, dies at age 45. At the time of his death his Accrued Benefit was \$500 per month, beginning at age 65. His personal contributions plus interest totaled \$3,800. George's wife (age 44) decides to withdraw his contributions plus interest (electing Option B). After doing so, the Termination Annuity to which George would have been entitled at age 65 drops from \$500/mo. to \$443/mo. Next, the Plan calculates the monthly benefit payable to the spouse commencing on the 1st day of the month following the month in which George would have turned 55:

$$\begin{array}{r}
 \$443/\text{mo.} \quad \times \quad .379 \quad \times \quad .8472 \quad = \quad \$135.62/\text{mo} \\
 \text{Age 65} \quad \quad \quad \text{Early} \quad \quad \quad 100\% \text{ Joint} \quad \quad \quad \text{Surviving} \\
 \text{Benefit} \quad \quad \quad \text{Deferred} \quad \quad \quad \text{Annuity} \quad \quad \quad \text{Spouse's} \\
 \quad \quad \quad \text{Annuity} \quad \quad \quad \text{Factor for} \quad \quad \quad \text{Benefit} \\
 \quad \quad \quad \text{Factor,} \quad \quad \quad \text{Participant} \\
 \quad \quad \quad \text{age 55} \quad \quad \quad \text{age 55 with} \\
 \quad \quad \quad \quad \quad \quad \quad \quad \quad \text{Spouse age} \\
 \quad \quad \quad \quad \quad \quad \quad \quad \quad 54
 \end{array}$$

To summarize, George's wife receives these benefits following his death:

- An immediate lump-sum refund of this personal contributions plus interest in the amount of \$3,800 (less taxes withheld).
- A lifetime monthly benefit of \$135.62, beginning on the 1st day of the month following the 55th anniversary of George's birth. This benefit does not have a 10-year guarantee.

IF DEATH OCCURS AFTER YOU BECOME ELIGIBLE FOR EARLY RETIREMENT BUT BEFORE YOU ACTUALLY RETIRE --

If you die after you have become eligible for an Early Retirement benefit (which requires that you were a vested active employee when you reached 55 or became eligible for the Rule of 85), your spouse's survivor benefit is calculated as if you had retired on the date of your death, elected to receive benefits immediately, and selected the 100% Joint Annuity payment

option. Monthly payments to your spouse begin the first day of the month following your death.

EXAMPLE: Betty, an active participant in the Plan for 25 years, dies unexpectedly at the age of 59. Her Accrued Benefit at the time of death was \$1,050/mo., beginning at age 65. Her husband is age 62. His survivor's benefit is calculated like this:

\$1,050/mo.	x	.880	x	.8469	=	\$782.54/mo
Accrued Benefit		Early Retirement Factor, Age 59		100% Joint Annuity Factor for Participant age 59 with Spouse age 62		Survivor's Benefit

Therefore, Betty's husband will receive a lifetime monthly benefit of \$782.54, beginning on the 1st day of the month following Betty's death. This benefit is not guaranteed for 10 years. It is paid only until Betty's husband dies.

IF YOU ARE NOT MARRIED OR NOT VESTED AT DEATH –

If you are not survived by a spouse or not vested, your beneficiary will receive a refund of your personal contributions plus interest, if not previously withdrawn.

DEATH BEFORE BENEFITS START –

If you have filed paperwork to retire (and elected a benefit form), but you die before your benefits have started, your surviving spouse or Beneficiary will receive a survivor benefit that is the greater of:

- (1) the benefit payable to your spouse or Beneficiary under the form you have elected, or
- (2) the benefit payable under the applicable survivor benefit discussed above (depending on whether you were eligible yet for an early retirement annuity).

If, however, you elected a Ten-Year Guaranteed benefit and your Beneficiary is your spouse, your spouse may choose benefit (1) or (2).

SPECIAL LUMP SUM DEATH BENEFIT

NOTE: This section only applies to vested participants who terminate employment after reaching age 55, or those who retire before age 55 under the "Rule of 85."

If you retire after you become eligible for an early retirement benefit and you are fully vested, your beneficiary will receive a lump sum benefit at your death. This death benefit will be paid in addition to any additional benefits payable to your surviving spouse or Beneficiary under your elected form of benefit. The benefit will be the lesser of \$10,000 or the product of 24% of your Final Average Wage Base multiplied by your whole years of Creditable Service (up to a maximum of ten years). The actual amount will be no less than \$2,000, and it will be rounded up to the nearest whole \$100.

EXAMPLE: Linda retires after her 55th birthday. Her Final Average Wage Base was \$2,300 per month and she participated in the Plan for 8 1/2 years. Her beneficiary will receive a lump sum death benefit of \$4,500 upon her death. (\$2,300 x .24 x 8 years = \$4,416, rounded up to \$4,500.)

QUESTION: *If I quit before age 55 but wait until after age 55 to start my benefits, can I qualify for the lump sum death benefit?*

ANSWER: Generally, the answer is no, because your last date of work must be on or after your 55th birthday. The answer is yes, however, if you qualify for the "Rule of 85" when you retire.

QUESTION: *If I otherwise meet the requirements for the lump sum death benefit, but I die before I retire, what happens?*

ANSWER: The lump sum death benefit is not paid in the event of the death of an active participant. It only becomes effective upon retirement. Special rules may apply if you were eligible for the lump sum death benefit at the time of a previous retirement.