

VESTING

The previous section explained how your Accrued Benefit is calculated. In order to become entitled to your entire Accrued Benefit, however, you must become “vested.” This section describes the Plan’s vesting rules.

On the day you become “vested,” your entire Accrued Benefit becomes non-forfeitable. This means your benefit belongs to you and can never be taken away, regardless of your future employment status. Of course, being 100% vested is not a guarantee of future employment. It simply means that the benefit you have earned is protected.

Your Accrued Benefit in the Plan is composed of two pieces:

1. The Employee-provided portion, and
2. The Employer-provided portion.

The Employee-provided portion represents that part of your Accrued Benefit that has been purchased by your own personal contributions and interest. **YOU ARE ALWAYS 100% VESTED IN THIS AMOUNT.** The Employer-provided portion is defined as the total Accrued Benefit (calculated under the formula explained in the previous section) less the Employee-provided portion of the Accrued Benefit. This is the part of your benefit in which you vest, according to the following schedule:

	. . . entitles you to this
This many years of Vesting Service . . .	percentage of your employer-provided Accrued Benefit
Less than 5	0%
5 or more	100%

QUESTION: How do I earn Vesting Service?

ANSWER: Vesting Service is credited to you month-by-month as you work for your employer, and is generally counted from your date of hire. Most active participants will become 100% vested on the fifth anniversary of their hire date.

EXAMPLE 1: Joe, age 35, terminates his employment four years after being hired. Joe’s Accrued Benefit is \$215 per month payable at his Normal Retirement Date. Of this amount, \$110 per month is attributable to Joe’s contributions and interest. The remaining benefit of \$105 per month is attributable to employer contributions. Since Joe did not accumulate five years of Vesting Service, he will forfeit that portion of his benefit. If Joe leaves his contributions and interest in the Plan, he will receive a benefit of \$110 per month at his Normal Retirement Date. **If he withdraws his contributions and interest, he will have no remaining benefits.**

EXAMPLE 2: Same situation as above, but this time Joe has six years of Vesting Service. Therefore, he is 100% vested in the employer-provided portion of his benefit. So, if he leaves his contributions and interest in the Plan, he would receive a benefit of \$215 per month at his Normal Retirement Date. **If he withdraws his contributions and interest, he would still receive a benefit of \$105 per month at his Normal Retirement Date.**

QUESTION: If I am 100% vested, does that mean I am entitled to withdraw the contributions my employer made for me?

ANSWER: No. In a defined benefit plan you do not vest in the *employer contributions*. Rather, you vest in that *portion* of your Accrued Benefit that is deemed to be funded by employer contributions.