

## NORMAL RETIREMENT

The Plan's benefit formula calculates the monthly benefit payable to you beginning at the Plan's "Normal Retirement Date." Your Normal Retirement Date is the later of two dates: (1) Age 65; or (2) the January 1 of the year in which you reach your fifth anniversary of Plan participation. For most participants, this will be Age 65. Consider, however, a participant who had passed age 65 when he or she started participating on October 1, 2006. That participant will reach Normal Retirement Date on January 1, 2011, because the fifth anniversary of participation would occur in 2011.

The following sections of the SPD will explain that your benefit may be adjusted from the formula benefit if you begin receiving benefits on a day different from your Normal Retirement Date. For instance, if you begin to draw your benefits before your Normal Retirement Date, you may be subject to an early retirement age reduction, because benefits paid early are expected to be paid longer. First, though, let's consider your Normal Retirement Date.

**QUESTION:** *What must I do to retire and receive a normal retirement benefit at my Normal Retirement Date?*

**ANSWER:** You must contact United Benefits Group to request an estimate of your benefit and a description of the forms of benefit available to you. You must then receive that estimate and description between 30 and 180 days prior to the first day of the month following your Normal Retirement Date. You must also file an application to retire within the 180 days before your Normal Retirement Date. Your benefit will start on the first day of the month following your Normal Retirement Date.

**EXAMPLE:** Fred, a participant with 33 years of Creditable Service, is retiring in 2010 on his Normal Retirement Date. He earned 27 years of Creditable Service at a 1.75% annual accrual rate, and 6 years of

**Creditable Service at 1.25%. During the last ten years of this employment, Fred's Wage Base history looked like this . . .**

|      |         |
|------|---------|
| 2009 | \$3,000 |
| 2008 | \$2,800 |
| 2007 | \$2,600 |
| 2006 | \$2,450 |
| 2005 | \$2,500 |
| 2004 | \$2,250 |
| 2003 | \$2,075 |
| 2002 | \$1,880 |
| 2001 | \$1,790 |
| 2000 | \$1,720 |

**. . . and his Final Average Wage Base is computed like this:**

|                                     |
|-------------------------------------|
| <b>Highest Four Wages = \$3,000</b> |
| <b>2,800</b>                        |
| <b>2,600</b>                        |
| <b><u>2,500</u></b>                 |
| <b>\$10,900 ÷ 4 = \$2,725</b>       |
| <b>= Final Average Wage Base</b>    |

**. . . therefore, his monthly benefit is \$1,491.94 per month, according to the Plan's formula:**

|   |   |                          |   |        |   |   |   |                       |
|---|---|--------------------------|---|--------|---|---|---|-----------------------|
| 27 Yrs.<br>Cred.<br>Service                               | X | 1.75%<br>Accrual<br>Rate | = | 47.25% | X | \$2,725<br>Final<br>Average<br>Wage<br>Base | = | \$1,287.56<br>per mo. |
| 6 Yrs.<br>Cred.<br>Service                                | X | 1.25%<br>Accrual<br>Rate | = | 7.50%  | X | \$2,725<br>Final<br>Average<br>Wage<br>Base | = | \$204.38<br>per mo.   |
| <b>\$1,287.56 + \$204.38 = \$1,491.94 Accrued Benefit</b> |   |                          |   |        |   |   |   |                       |

**This is the amount Fred will receive from the Plan for the rest of his life if he selects the Individual Member Benefit, a single-life annuity payment option. Of course, if Fred elects a different payment option, his monthly benefit would be reduced. Also, if he retires earlier without qualifying for the Rule of 85, his payments would be smaller. (See the sections entitled "Early Retirement" and "Forms of Payment.")**

**HIGHLY COMPENSATED EMPLOYEES  
MAY BE AFFECTED BY TWO FEDERAL  
LIMITS . . .**

The Internal Revenue Code limits the amount of compensation that may be used to calculate your benefits. For 2009, that limit is \$245,000. In future years, this limit may be increased to reflect increases in the cost-of-living. Any compensation you earn above the limit will be ignored for benefit calculation purposes.

The Internal Revenue Code also limits the amount of annual benefits you may receive from a defined benefit pension plan. For example, the limit for 2009 is \$195,000. The limit applicable to you may have been lower, depending on how much compensation you earned in your highest three-consecutive-year-period and the number of years you participated in the Plan. The limit applicable to you may also be adjusted depending on your age. If you are receiving benefits prior to age 62, your limit will be actuarially reduced. If, however, you are receiving benefits after age 65, your limit will be actuarially increased.