# Summary Plan Description

## May 2017

## Southern California UFCW Unions and Drug Employers Pension Fund

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# Southern California United Food and Commercial Workers Unions and Drug Employers Pension Plan

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## May 2017 Edition




Trust Fund Office
2220 Hyperion Avenue
Los Angeles, California 90027
(323) 666-8910

May, 2017

## MESSAGE FROM THE BOARD OF TRUSTEES

The Southern California United Food and Commercial Workers Unions and Drug Employers Pension Plan ("Plan") was established in 1958 to provide retirement benefits to Participants working under the Retail Drug Agreement between an Employer and one or more of the Southern California United Food and Commercial Workers Union Locals.

We are pleased to offer you a retirement plan designed to reward your years of employment. Pension benefits provided by the Plan, together with Social Security Benefits, will help you enjoy your years of retirement.

The amount of your pension benefit is based on your years of work for Employers who report to the Plan on your behalf, and can be a significant part of your retirement income. The longer you work for contributing Employers, the greater the amount of your pension.

Both your Union and your Employer are very proud of their part in helping to establish and maintain this benefit program for you.

Please review this booklet carefully and keep it in a safe place. If you are married, share it with your spouse. You may download a copy of this booklet from the Website at: www.ufcwdrugtrust.org.

To ensure that you receive all communications from the Plan, please remember to keep the Drug Fund Office informed of any change in your mailing address or telephone number.

Should you have any questions about your benefits, contact the Drug Fund Office at: Southern California UFCW Unions and Drug Employers Pension Fund at the address listed on the previous page or by phone at (323) 666-8910, x 500.

Sincerely yours,

BOARD OF TRUSTEES

# Table of Contents



*Your pension rights are governed by the Pension Plan as amended from time to time. This booklet summarizes the Pension Plan. It is not intended to be a complete review of the Plan. You must refer to the full text of the Pension Plan itself to answer any specific questions. If any inconsistencies exist between this booklet and the Pension Plan document, the Pension Plan document, as it may be amended from time to time, will govern.*

# INTRODUCTION

This Summary Plan Description ("SPD") has been prepared to provide you with information about your Plan and supersedes prior materials. The SPD gives you an overview of the Pension Plan and does not contain every detail addressed in the Plan. This SPD summarizes the Plan as of May 1, 2017, unless otherwise noted. If you left employment with an Employer before May 1, 2017, or if your work for Employers has been interrupted by periods of absence, your pension benefits may be different from those described in this booklet.

> You pay nothing toward your pension benefit. Contributions from your Employer and investment earnings pay the full cost of your pension benefit.

The Pension Plan may be amended in the future from time to time. A summary of any significant changes will be mailed to all Participants.

> Many of the important Plan terms in this book are capitalized. For definitions of those words that are not readily understandable and are not explained in the text, refer to the *Glossary* on page 47.

***This Summary Plan Description is subject to the provisions of the official Plan documents and cannot modify or affect the Plan documents in any way. In case of any differences between this SPD and the official Plan documents, the Plan documents will prevail.***

***Neither you nor any of your beneficiaries shall earn any rights because of any statement in, or omission from, this Summary Plan Description. The provisions of the Plan documents cannot be modified or amended in any way by any statement or promise, written or oral, made by any person, including employees of the Fund Office, the Unions or any Contributing Employer.***

***The Board of Trustees has full discretion and authority to resolve questions concerning the interpretation or administration of this Plan, including without limitation, all questions relating to eligibility for Plan benefits. The determinations of the Board are conclusive and binding as to all persons and for all purposes.***

**How The Pension Trust Fund Works**

- Your Local Union and your Employer negotiate contributions through a bargaining process.
- Contributions made by your Employer are placed in the Pension Trust Fund.
- Union and Management Trustees hire professional money managers to manage the money in the Pension Trust Fund.
- The money is invested and used to pay pension benefits and administrative expenses.

## Pension Plan Highlights

| | |
|---|---|
| **Becoming A Participant** | ❖ You become a Participant in the Plan on the first day of the month following the date you have attained age 21 and completed at least 600 Hours of Service (including at least one Hour of Covered Service) with one or more Employers within any Year or within any two consecutive Years. |
| **Earning Plan Credit** | ***Vesting Credit***<br>❖ Determines your right to a pension benefit.<br>❖ Generally, you earn one year of Vesting Credit for each calendar year in which you complete 750 or more Hours of Service. If you earn less than 750 Hours of Service in a Year, you may earn a fraction of a Vesting Credit; see page 5.<br><br>***Benefit Credit***<br>❖ Determines the amount of your pension benefit.<br>❖ Generally, you earn one year of Benefit Credit for each Year (a calendar year) in which you complete 1,800 or more Hours of Covered Service. If you earn less than 1,800 Hours of Covered Service in a Year, you may earn a fraction of a Benefit Credit; see page 6. |
| **Vesting** | ❖ To be Vested means that you are entitled to a pension benefit when you reach retirement age and retire in accordance with the Plan. Once you are Vested, your right to a pension will not be affected if you stop working for a contributing Employer.<br>❖ Generally, if you earned more than one Hour of Service after 1998, you will be Vested when you have earned five Vesting Credits. Otherwise you need 10 Vesting Credits. |
| **Auxiliary Disability Benefit** | **An Auxiliary Disability Benefit** is available if you are less than 60 years old and you:<br>❖ have at least 10 Benefit Credits;<br>❖ qualify for a Social Security Disability Benefit; and<br>❖ did not have a Separation in Service as of the end of the Year before the Year in which your disability occurred, unless you earned Benefit Credit in the Year in which your disability occurred.<br><br>Disability Benefits generally terminate at age 60, unless they terminate earlier due to the Participant's death or recovery from disability. If Disability Benefits terminate at age 60, the Participant will, thereafter, receive a Normal Retirement Pension, but must first submit a retirement application. If Disability Benefits terminate before age 60 because the Participant ceases to be disabled, the Participant may apply for an Early or Normal Retirement Pension upon attainment of the appropriate age. See page 13 for more information. |

| | |
|---|---|
| **Types Of Pensions** | **Normal Retirement Pension** is available if you:<br>❖ are at least age 60 with 10 or more Vesting Credits; or<br>❖ are age 65 with at least 5 but less than 10 Vesting Credits.<br>If you are not Vested by age 65, please see page 5.<br>*You can also delay the start of your pension past Normal Retirement Age, in which case you may receive an increased benefit for delayed retirement. See page 23.*<br><br>**Early Retirement Pension** is available if you:<br>❖ are at least age 50 and have 10 or more Benefit Credits.<br>Your monthly pension benefit will be reduced for early retirement.<br><br>**Rule of 85 Retirement Pension** is available if:<br>❖ your age plus your number of Benefit Credits equal 85 or more;<br>❖ you are a clerk (meaning that you do not qualify for a Pharmacist Retirement Benefit); and<br>❖ If you had a Separation in Service as of December 31, 1998, only that portion of your pension that was earned after December 31, 1998, can be paid as a Rule of 85 Retirement.<br>With a Rule of 85 Pension, the amount of your monthly pension benefit will not be reduced because you are under age 60 at retirement. See page 24. |
| **Choosing How Your Pension Is Paid** | ❖ If you are **not married** at the time you retire, your pension benefit will be paid in the form of a Single Life Annuity.<br>• The Single Life Annuity provides a monthly pension benefit to you for your lifetime. No benefits are payable after your death.<br><br>❖ If you **are married** at the time you retire, the forms of benefit that are available to you include the 50% Joint & Survivor Annuity, 75% Joint & Survivor Annuity, and the Single Life Annuity. However, if you want a form of benefit other than the 50% Joint & Survivor Annuity, your spouse must agree to your choice. See page 27 for more information.<br>• The 50% Joint & Survivor Annuity pays you a monthly pension benefit for life. If you die before your spouse, 50% of the amount you were receiving will continue to your surviving spouse after your death.<br>• The 75% Joint & Survivor Annuity pays you a monthly pension benefit for life. If you die before your spouse, 75% of the amount you were receiving will continue to your surviving spouse after your death.<br>• The Single Life Annuity provides a monthly pension benefit to you for your lifetime. No benefits are payable after your death.<br><br>❖ If the present value of your benefit is $5,000 or less when you retire, you will receive your benefit in one lump sum payment. |
| **In The Event Of Death** | ❖ If you die:<br>♦ before pension payments begin and you are Vested, your spouse may be eligible for a Pre-Retirement Survivor Annuity Benefit; or<br>♦ after pension payments begin, and you were receiving your pension in the form of a 50% or 75% Joint & Survivor Annuity, your spouse may receive 50% or 75%, as applicable, of the amount you were receiving. |

# Working

## Becoming a Participant

After you start working for an Employer, you become a Participant in the Plan on the first day of the month after you have:

1. attained age 21, and
2. completed at least 600 Hours of Service (including at least one Hour of Covered Service) within any Year or within any two consecutive Years.

**Hours of Service**
**Hours of Covered Service**
For a definition of these terms, see the discussion below.

You do not earn any Vesting Credit or Benefit Credit until you are a Participant. Once you become a Participant, however, you may be credited with your hours back to your date of hire.

## Continuing as a Participant

You will continue to be a Participant in the Plan as long as you earn at least 300 Hours of Service in a Year. Once you become Vested (see *Becoming Vested* on page 5), you continue to be a Participant even if you earn less than 300 Hours of Service in a Year.

## Hours of Covered Service and Hours of Service

It is important for you to understand these two terms.

**Hours of Covered Service** include:

- All regular time hours you work.
- Hours for which you are paid by an Employer for vacation, sick leave, jury duty, bereavement leave, holidays, and work performed on Sundays and holidays, exclusive of overtime.
- For disabilities established on or after July 1, 1995, six hours for each day (to a lifetime maximum of 1,800 hours) that your employment is interrupted because of an illness or injury that entitles you to receive Supplementary Disability Benefits or Supplementary Workers' Compensation Benefits from the Supplementary Disability and Unemployment Plan of the Southern California Drug Benefit Fund (available only to Participants in the Platinum or Platinum Plus Plan of the Southern California Drug Benefit Fund).
- Periods of qualified military service as required by federal law. Please contact the Fund Office upon your return to Covered Service to ensure you are properly credited for your military service.

**Hours of Service** include:

- ❖ Hours of Covered Service; and
- ❖ Hours worked in Connecting Noncovered Employment (see page 47 for a definition of Connecting Noncovered Employment). For example, if you move from a Drug Clerk to a Manager with the same Employer without terminating your employment, you will continue to earn Hours of Service for your work as a Manager with the Employer. You should inform the Fund Office annually about such work to be sure that you get credit for it.

## Becoming Vested

Once you have 5 Vesting Credits you will be Vested, as long as you were a Participant in the Plan and had more than one Hour of Service after December 31, 1998. If you do not have more than one Hour of Service or were not a Participant after December 31, 1998, you must have earned 10 Vesting Credits to be Vested. In addition, you become Vested if you are a Participant at the later of age 65 or your fifth anniversary of participation in the Plan.

> Any Vesting Credits earned before a Permanent Break in Service will not be counted in determining whether you are Vested. For information about the consequences of a Permanent Break in Service see page 8.

Once you are Vested, you cannot lose the Benefit and Vesting Credits you have accumulated under the Plan, and you will be eligible for a Normal Retirement Pension when you reach Normal Retirement Age and satisfy other requirements to begin collecting your pension. Depending on your age, your job classification, and your number of Benefit and Vesting Credits, you may qualify to begin receiving pension benefits before Normal Retirement Age. See *Types of Pensions and Benefit Amounts* beginning on page 20 for more information about the Normal, Early, and Rule of 85 Retirement Pension.

If you are Vested and die before you retire, your surviving spouse may be eligible for a Pre-Retirement Survivor Annuity. See *If You Die Before Your Pension Begins* on page 18 for more information.

## Earning Plan Credit

You earn two types of credit under the Plan: Vesting Credit and Benefit Credit.

### *Vesting Credit*

Generally, you earn one Vesting Credit for each calendar year in which you complete at least 750 Hours of Service. If you earn fewer than 750 Hours of Service in a Year, you will earn a fraction of a Vesting Credit, equal to your number of Hours of Service divided by 2,000. However, no Vesting Credit will be earned if you complete less than 300 Hours of Service in a year.

> You earn one Vesting Credit for each Year in which you have 750 or more Hours of Service.

> ***Vesting Credit Example***
> *Pat has 500 Hours of Service in a year. Pat earns 0.25 Vesting Credits for that year (500 Hours of Service ÷ 2,000 = 0.25 Vesting Credits).*

No more than one Vesting Credit may be earned in any calendar year.

### *Benefit Credit*

Benefit Credits are used to determine the amount of your pension benefit and whether you qualify for certain benefits. You earn one Benefit Credit for any Year after 1975 in which you earn 1,800 or more Hours of Covered Service. If you earn less than 1,800 Hours of Covered Service in a Year, you will earn a fraction of a Benefit Credit equal to your number of Hours of Covered Service divided by 2,000. You do not earn any Benefit Credit for a year in which you earn less than 300 Hours of Covered Service, unless you earned a full Vesting Credit for that Year.

***Benefit Credit Example***
*Pat has 1,000 Hours of Covered Service in a year. Pat earns 0.50 Benefit Credits for that Year (1,000 Hours of Covered Service ÷ 2,000 = 0.50 Benefit Credits).*

Between January 1, 1958, and December 31, 1975, 1/12 of a Benefit Credit was earned for each 150 Hours of Covered Service in a year. Benefit Credit for work before January 1, 1958, may be available.

## Reciprocal Agreements

To help you avoid a loss of pension benefits due to work that is not covered under this Plan, the Fund has entered into reciprocal agreements with other retirement plans (reciprocal plans). These reciprocal agreements allow the Plan to recognize credits (reciprocal service credits) earned under a reciprocal plan. Reciprocal service credits may be taken into account in determining your eligibility for a pension. Reciprocal service credits will not count toward Benefit Credit. However, for clerks, up to 10 reciprocal service credits may be used in meeting the requirements for a Rule of 85 Retirement Pension under this Plan. Currently the Fund has reciprocal agreements with the Southern California United Food and Commercial Workers Unions and Food Employers Joint Pension Plan; the UFCW Pharmacists, Clerks and Drug Employers Pension Plan (Northern California); and the Southern California General Sales Employers and United Food and Commercial Workers Unions Pension Plan.

A reciprocal agreement provides a pension benefit for you when you may not otherwise be eligible because your years of service are divided between two or more plans.

## New Employers

From time to time, new Employers enter into a contract with the Union to participate in the Plan, in accordance with the Retail Drug Agreement. In the event that you work for a new Employer, once you satisfy the Plan's participation requirements, you will receive Vesting Credit for your period of uninterrupted service with that Employer before the Employer began contributing to the Plan. You will not receive any Benefit Credit for your service with this Employer prior to the Employer's becoming a participating Employer under the Plan.

# Leaving Work

If your Covered Service ends, it can affect you in the following ways:

If you are not Vested, you can incur a One-Year Break in Service;

If you have five consecutive One-Year Breaks in Service, you will incur a Permanent Break in Service;

Regardless of whether you are Vested, you can experience a Separation in Service.

If you have a One-Year Break in Service before you become Vested, you will lose all the Vesting and Benefit Credit you earned before the Break, unless you return to work in Covered Service before you suffer a Permanent Break in Service.

Once you become Vested, you cannot lose the Vesting and Benefit Credit you have earned under the Plan, and you will have the right to a pension under the Plan, even if you stop working for Employers.

## Separation in Service – Benefit Freeze

Whether or not you are Vested, you will have a Separation in Service if you earn fewer than 300 Hours of Covered Service in a calendar year or if you retire under the Plan.

If you have a Separation in Service, the benefits you earned before the Separation in Service will be based on the Plan's benefit formula(s) in effect at the time your Separation in Service occurs.  You will not benefit from any future improvements to the Plan's benefit formula for the Benefit Credit you earned before a Separation in Service because your benefits for service before the Separation will be frozen.

If you return to work after a Separation in Service and earn additional Benefit Credit after your return, the additional Benefit Credit will be determined based on the formula then in effect or the formula in effect when you next incur a Separation in Service.

Effective on and after August 1, 1994, if you are unable to work in the retail drug industry because of a disability, you may avoid a Separation in Service if your disability is certified by a physician.

## Service Breaks

Service breaks apply only to non-Vested Participants.  Once you are Vested, you cannot incur a One-Year Break in Service or a Permanent Break in Service.

### *One-Year Break in Service*

If you are not Vested, a One-Year Break in Service occurs at the end of a calendar year in which you do not earn at least 300 Hours of Service.

You incur a One-Year Break in Service when you earn less than 300 Hours of Service in a Year. You can "cure" the One-Year Break, and again become a Participant, by earning 300 Hours of Service in a Year before you incur a Permanent Break in Service.

If you have a One-Year Break in Service, you cease to be a Participant, and you will lose the Vesting and Benefit Credit you earned before the One-Year Break. However, if you return to work and earn 300 Hours of Service in a calendar year before you incur a Permanent Break in Service, you will again become a Participant and your Vesting and Benefit Credits will be restored (see *Permanent Breaks in Service* below).

There are certain circumstances that allow you to avoid a One-Year Break in Service (see page 9).

### *Permanent Breaks in Service*

A Permanent Break in Service will cause you to permanently lose any Vesting and Benefit Credit you earned before the Permanent Break. Once you are Vested, you cannot incur a Permanent Break in Service.

Beginning in 1999, you will incur a Permanent Break in Service at the end of the calendar year in which you have five consecutive One-Year Service Breaks.

Before 1999, Permanent Breaks in Service were calculated differently. Contact the Fund Office for more information.

***Permanent Break in Service Example***

*Joe's work record looks like this:*

| *Year* | *Hours of Service* | *Years of Vesting Credit* | *One-Year Breaks in Service* |
|---|---|---|---|
| *1-2009* | *820* | *1* | *0* |
| *2-2010* | *750* | *1* | *0* |
| *3-2011* | *250* | *0* | *1* |
| *4-2012* | *900* | *1* | *0* |
| *5-2013* | *830* | *1* | *0* |
| *6-2014* | *200* | *0* | *1* |
| *7-2015* | *0* | *0* | *1* |
| *8-2016* | *0* | *0* | *1* |
| *9-2017* | *0* | *0* | *1* |
| *10-2018* | *0* | *0* | *1* |
| *Total* | | *4* | *5* |

*Joe will have five consecutive One-Year Breaks in Service and a Permanent Service Break at the end of 2018. When he incurs the Permanent Break at the end of 2018, he will permanently lose the Vesting Credit and Benefit Credit he previously earned.*

Once you incur a Permanent Break in Service, you may become a Participant again by meeting the Plan's participation requirements (see page 4).

However, your Vesting and Benefit Credits earned before the Permanent Break in Service will not be restored.

Under limited circumstances, you can avoid a Permanent Break in Service during an absence from Covered Service. Specifically, your absence will not count toward consecutive One-Year Breaks in Service if it begins no later than 90 days following your last employment in Covered Service, continues for at least 120 days in a calendar year, and is due to:

- ❖ employment with the Union or the UFCW International Union in an area covered by the Retail Drug Agreement, or
- ❖ employment by an Employer in a position that is not covered by any collective bargaining agreement and that does not qualify as Connecting Noncovered Employment (see page 47 for a definition of Connecting Noncovered Employment).

### *Avoiding a One-Year Break in Service*

You can avoid a One-Year Break in Service during periods of "excused absence" for the following (in some cases, you can be credited with Hours of Service for your absence):

If you have an excused absence, contact the Fund Office as soon as possible.

- ❖ Military Service -- you will be credited with Hours of Covered Service (for Vesting and Benefit Credit) to the extent required by federal law.
- ❖ Changes in Family Status - Subject to certain limits, you avoid a One Year Break in Service for absences due to the following:
  - ♦ your pregnancy;
  - ♦ the birth of your child;
  - ♦ the placement of a child with you in connection with your adoption of the child; or
  - ♦ the care of a child immediately following birth or placement with you for adoption.

  In order to avoid a One-Year Break in Service under this provision, you must provide the Fund Office with proof that your absence is due to one of these reasons and the number of days of your absence within 24 months of the date your absence from work started.
- ❖ Disability - If you are unable to work in the retail drug industry due to disability, you will not have a One-Year Break in Service (or a Separation in Service) during the period of your disability. Your disability must be certified by a physician. (Subject to certain limits, Participants in the Platinum and Platinum Plus Plan of the Southern California Drug Benefit Fund can earn Benefit Credit for their period of disability).
- ❖ Serious Health Condition – You will not have a One-Year Break in Service if you are on an approved leave of absence because of your own

serious health condition or to care for your spouse, son, daughter, or parent with a serious health condition.

- After January 28, 2008, you can avoid a One-Year Break in Service if you are on an approved leave of absence for one of the following reasons:
  - an exigency arising from the fact that your spouse, son, daughter, or parent is on active duty (or has been notified of an impending call to active duty) in the Armed Forces;
  - to care for your spouse, son, daughter, parent, or next of kin who is a current member of the United States Armed Forces (including a member of the National Guard or Reserves) who is undergoing medical treatment, recuperation, or therapy, or is otherwise on the temporary disability retired list, for a serious injury or illness incurred in the line of duty on active duty.

Contact the Fund Office promptly to determine if a particular absence qualifies to prevent a One-Year Service Break.

# Getting Married or Divorced

Your pension benefits may be affected when you marry or divorce. You should notify the Fund Office of any changes to your marital status.

## Effect of Marriage on Retirement Benefits

### *Marriage Before Retirement*

Generally, if you are married when you retire, you will be able to elect a form of payment that will provide a benefit to your spouse, should you die before your spouse. Similarly, if you die before you retire, your spouse may be eligible to receive a Pre-Retirement Survivor Annuity. See pages 18 and 27 for more information about these benefits.

**Pre-Retirement Survivor Annuity** A benefit your spouse may be eligible to receive if you are Vested and die before you begin your pension.

### *Marriage After Retirement*

If you marry *after* you have begun to receive a pension, you cannot change the form of payment you are receiving or provide a survivor benefit to a new spouse. (Note that the Auxiliary Disability Benefit is not a retirement benefit. Information on the effect of marriage on Disability Benefits can be found on page 14).

## Effect of Divorce on Retirement Benefits

If you divorce (whether before or after retirement), a court may award your former spouse a share of your pension. In order to require the Plan to pay a share of your pension to your former spouse, and to make the court's order enforceable against the Plan, the former spouse must obtain a court order called a Qualified Domestic Relations Order (QDRO).

**Qualified Domestic Relations Order (QDRO)** A QDRO is a court order that requires the Plan to pay all or a portion of your pension benefits to your spouse, former spouse or dependent(s).

A QDRO is a court order which satisfies certain legal requirements and requires the Plan to pay all or a portion of your pension benefit, to a spouse, former spouse, child, or other dependent (the Alternate Payee). A QDRO cannot require the payment of benefits to anyone else.

The Plan has no duty to protect a former spouse's interest in your pension unless the Plan has been put on notice as to the former spouse's interest. To put the Plan on notice, you or your former spouse should send one of the following to the Plan: (1) your former spouse's written claim of an interest in the pension; (2) a court order showing an award of the pension interest to your former spouse; or (3) a court order that is meant to be a QDRO. A former spouse's interest may be prejudiced if the notice is first provided after you retire or die.

The Plan is responsible for determining whether a court order that is intended to be a QDRO is in fact a QDRO. If the Plan receives a court order that requires the Plan to pay all or a portion of your pension to someone other than you, the Plan Administrator will determine whether the order is a QDRO. If the order complies with the requirements of a QDRO, the Plan will pay the individual designated to receive payments from the Plan (aka the "Alternate Payee") in accordance with the QDRO. If the Plan determines that the order is not a QDRO and the Order's compliance defects are not cured, the Plan will not make payments to the Alternate Payee.

You or your former spouse may obtain, without charge, the Plan's QDRO procedures and a sample QDRO by contacting the Plan at (323) 666-8910, extension 500.

# If You Become Disabled

If you become totally and permanently disabled, you may qualify for Auxiliary Disability Benefits from the Pension Fund (formerly known as the "Disability Pension").

However, even if you are temporarily disabled, your disability may qualify you for an "excused absence," and allow you to avoid a One-Year Break in Service and/or a Separation in Service. See *Leaving Work* on page 7 for more information about avoiding breaks in service.

In addition, if you are in the Platinum or Platinum Plus plan of the Southern California Drug Benefit Fund, you may be able to earn up to six Hours of Credited Service (Benefit Credit) for each day (to a lifetime maximum of 1,800 hours) that your employment is interrupted because of an illness or injury that entitles you to receive Disability or Workers' Compensation Benefits from the Supplementary Disability and Unemployment Plan.

## Eligibility for Auxiliary Disability Benefits

The Plan's Disability Benefit is not a retirement benefit, but, rather, supplements the retirement benefits generally available under the Plan.

If you become totally and permanently disabled before age 60, you may qualify for the Disability Benefit provided you:

- have at least 10 Benefit Credits;
- qualify for a Social Security Disability Benefit; and
- did not incur a Separation in Service as of the end of the Year preceding the Year in which your disability occurred, unless you earned Benefit Credit in the year you became disabled.

If you become disabled after age 60, you may be eligible for a Normal Retirement Pension. See page 20.

## Applying for Auxiliary Disability Benefits

If you become disabled, you may submit an application for a Disability Benefit. If you do not yet have a Social Security Notice of Award, you may be able to apply for an Early Retirement while your application for Social Security benefits is pending (see page 17 for more information).

## Effective Date of Auxiliary Disability Benefit

In the event you are eligible, Disability Benefits will be payable as of the first month for which a Social Security Disability payment is due. Different rules applied before April 1, 1993, and to disability awards first payable before April 1, 1993.

## Payment of Auxiliary Disability Benefit

The Disability Benefit is a monthly benefit that is calculated the same as a Normal Retirement Pension, with no reduction for your age. See page 20 for more information on how a Normal Retirement Pension is determined.

Disability Benefits are payable beginning with the first month for which a Social Security Disability benefit is payable to you.

To continue receiving Disability Benefits, each year you must provide proof to the Fund Office that you remain eligible for Social Security Disability Benefits.

## Termination of Auxiliary Disability Benefits

Disability Benefits terminate at the end of the month in which you attain Normal Retirement Age, unless they end earlier due to your death or because you cease to be disabled.

Participants receiving a Disability Benefit who are approaching Normal Retirement Age are presented the opportunity to continue monthly payments without interruption by completing an application for a Normal Retirement Pension. There is no reduction to your Normal Retirement Pension as a result of having received Disability Benefits.

Should your Disability Benefits terminate early (for example, because you are no longer disabled), you may apply, when eligible, for an Early or Normal Retirement Pension. Your Pension will not be reduced as a result of having received Disability Benefits.

## Forms of Payment – for Auxiliary Disability Benefits

### *Disability Single Benefit*

If you <u>are not married</u> at the time your Disability Benefit starts, your Disability Benefit will be paid as a Disability Single Benefit.

If you <u>are married</u>, you may elect to receive the Disability Single Benefit or another form of benefit (spousal consent is not required).

The Disability Single Benefit provides a monthly benefit payment to you until your Disability Benefit terminates or until your death, whichever occurs first.

Like the Normal Retirement Pension, the Disability Single Benefit is calculated with no reduction for age, based on your total Benefit Credits earned before your disability.

If you elect the Disability Single Benefit, and you die before your Disability Benefits terminate, your surviving spouse, if any, will receive a Pre-Retirement Survivor Annuity as long as you were married for at least one year before your death. See page 18 for information about the Pre-Retirement Survivor Annuity.

### *Disability Survivor Annuity (50% & 75%)*

The Plan has a Disability 50% Survivor Annuity and a Disability 75% Survivor Annuity. Both are available if you are married on your Disability Commencement Date (generally, the first of the month following the date you have met all requirements for a Disability Benefit, including the filing of an application).

A Disability Survivor Annuity gives you a reduced monthly payment until your Disability Benefit terminates (due to death, attainment of Normal Retirement Age, or cessation of Social Security Disability Benefits). If you die before your Disability Benefit terminates, payments equal to **50%** or **75%** of the monthly amount you were receiving will automatically continue to your surviving spouse for his or her lifetime; provided you were married at death to the same spouse to whom you were married on your Disability Commencement Date and that you were married for at least one year prior to your death.

If you die after your Disability Benefits terminate, the Disability survivor annuity will not be payable. However, there may be a survivor benefit payable under your Normal Retirement Pension, depending on the form of benefit you elect.

#### *Determining the Amount of the Disability Survivor Annuity*

In order to provide a benefit to your surviving spouse after your death, your monthly Disability Benefit is reduced from the amount you would otherwise receive with a Disability Single Benefit.

If you elect the Disability With 50% Survivor Annuity, your benefit will be reduced by 20% from the amount you would have received with the Disability Single Benefit.

If you elect the Disability With 75% Survivor Annuity, your benefit will be reduced by 27% from the amount you would have received with a Disability Single Benefit.

In either case, if your spouse is more than 10 years younger than you, the amount of the reduction will be further increased.

In no case will the surviving spouse benefits payable under the Disability Survivor Annuity forms described above be less than the monthly amount that would be payable with a Pre-Retirement Survivor Annuity commencing on the same date.

#### *If Your Marriage Ends While Receiving Disability Benefits*

The termination of your marriage (such as by divorce) will cancel the survivor benefit otherwise payable to your spouse upon your death, and your former spouse will not be entitled to any benefit from the Pension Fund, unless a benefit is required by the terms of a Qualified Domestic Relations Order (QDRO). For more information, please see page 11.

*Additional Rules and Conditions for Disability With Survivor Annuity Forms of Benefit:*

- If your spouse dies before you, your monthly Disability Benefit will thereafter be increased to the amount that you would have received with a Disability Single Benefit.
- If you divorce your spouse while you are receiving Disability Benefits, the amount of your monthly Disability Benefit will not change. If you later remarry, your new spouse will not be entitled to any surviving spouse benefits from your Disability Pension. (However, the spouse to whom you are married at death may be entitled to a Pre-Retirement Survivor Annuity, if you die before your pension is converted to a Normal Retirement Pension).
- Disability Survivor Benefits payable to a surviving spouse will end with the month in which the spouse dies.

## Electing a Disability Payment Option

After your application for a Disability Benefit has been processed, the Fund Office will mail you a Disability Election Form. You must complete the Disability Election Form and return it to the Fund Office.

## Effect of Divorce on Disability Benefits

As with other payment options, whether your former spouse receives a portion of your monthly disability benefits depends upon whether a QDRO was obtained in the divorce, and on the terms of the QDRO. The Plan will not pay your former spouse without a QDRO.

### *If You Were Receiving a Single Disability Benefit . . .*

If a QDRO is obtained in the divorce and you were receiving a Disability Single Benefit, your former spouse may receive a portion of your Disability Single Benefit, if so provided by the QDRO, until the earliest of your attainment of age 60, your death, or the date you cease to be disabled.

If you are alive at age 60, you can begin receiving a Normal Retirement Pension, and, depending on the terms of a QDRO, your former spouse may choose to receive his or her portion of your Normal Retirement Pension. Alternatively, before you attain age 60 your former spouse could choose to receive his or her portion of your Normal Retirement Pension in the form of an Early Retirement Pension (but not if your former spouse is also receiving a portion of your Disability Benefit).

If you die before age 60 while receiving Disability Benefits, a QDRO may entitle your former spouse to receive benefits, after your death, under the Pre-Retirement Survivor Annuity.

### *If You Were Receiving a Disability Survivor Annuity . . .*

If you are receiving a Disability Survivor Annuity, the termination of your marriage (such as by divorce) before the Disability Benefit ceases will cancel the survivor benefit otherwise payable to your spouse upon your death.

If a QDRO is obtained in the divorce, your former spouse may receive a portion of your Disability Benefit [or Disability Survivor Annuity], if so provided by the QDRO, until the earlier of your attainment of age 60, your death, or the date you cease to be disabled.

If you are alive at age 60, your Disability Benefit will terminate and you may apply for a Normal Retirement Pension, and, depending on the terms of a QDRO, your former spouse may elect to receive his or her portion of your Normal Retirement Pension. Alternatively, before you attain age 60, your former spouse could elect to receive his/her portion of your Normal Retirement Pension in the form of an early retirement benefit (but not if your former spouse is also receiving a portion of your Disability Benefit).

If you die before age 60, your former spouse will not be paid a share of the survivor benefit otherwise payable under the Disability with Survivor Annuity, unless payment of such benefit is required by a QDRO.

## You May Receive an Early Retirement Pension While Your Application for Social Security Benefits Is Pending

If you have not received your Social Security Disability Award and you are at least 50 years of age, you may apply for an Early Retirement Benefit while awaiting a determination on your application for Social Security Disability Benefits. To do this, you must indicate, on your retirement application, that you are applying for a Disability Retirement. You are also required to submit evidence, with your pension application, that you have applied for Social Security Disability Benefits or have a pending appeal from the denial of Social Security Disability Benefits.

***In order to be eligible to convert your Early Retirement Benefit to a Disability Benefit, your Social Security Disability Award must have an entitlement date (i.e., the date for which Social Security benefits are first payable) that is no later than 6 months after the effective date of your Early Retirement.***

If you do not receive a Social Security Disability Award or you receive one with a date of entitlement that is more than six months after your Early Retirement date, your Early Retirement benefit will remain in effect, and your Early Retirement Pension will not be converted to a Disability Benefit.

# In The Event of Death

## If Your Spouse Dies

If your spouse dies, you should contact the Fund Office to update your Pension Trust Fund records.

If you have already started receiving your pension benefit in one of the Joint & Survivor Annuity forms of payment, your monthly pension amount will be increased to the Single Life Annuity amount on the first of the month following the month in which your spouse dies, but you must first submit a copy of your spouse's death certificate. See pages 27 and 28.

## If You Die Before Your Pension Begins

If you die after you are Vested but before your pension benefits begin, your surviving spouse will receive a Pre-Retirement Survivor Annuity benefit from the Plan if you and your spouse were married for at least one year before your death.

> If you die after you are Vested, your spouse may be entitled to receive a monthly pension called a Pre-Retirement Survivor Annuity.

The date the monthly benefit to your surviving spouse begins depends on your total Benefit Credits and your age upon your death.

If, at the time of your death, you had:

- at least 10 Benefit Credits and you were:
  - age 50 or older, benefits may begin on the first of the month following the month in which your death occurred; or
  - not yet age 50, benefits may begin on the first of the month coincident with or next following the date you would have attained age 50 had you lived; or
- less than 10 Benefit Credits but at least 10 Vesting Credits and you were:
  - age 60 or older, benefits may begin on the first of the month following the month in which your death occurred; or
  - not yet age 60, benefits may begin on the first of the month coincident with or next following the date you would have attained age 60 had you lived; or
- less than 10 Benefit Credits and less than 10 Vesting Credits but at least 5 Vesting Credits and you were:
  - age 65 or older, benefits may begin on the first of the month following the month in which your death occurred; or
  - less than age 65, benefits may begin on the first of the month coincident with or next following the date you would have attained age 65 had you lived.

The amount of the benefit is based on your total Benefit Credits at the time of your death. Your eligible spouse will receive 50% of the amount you would have been eligible to receive with a 50% Joint & Survivor Annuity form of payment had you retired the day that payments to your spouse begin. The amount of this benefit will be adjusted if necessary for early retirement.

Your spouse must apply for the benefit and will be required to submit supporting documentation, such as a certified copy of your death certificate and/or marriage certificate.

If the Actuarial Equivalent of the Pre-Retirement Survivor Annuity benefit is $5,000 or less, the benefit may be paid to your spouse as a single Lump Sum payment. See *Lump Sum Distribution* on page 29.

If you are divorced, your former spouse may qualify for a share of the Pre-Retirement Survivor Annuity benefit payable on your behalf if a QDRO so provides. If you do not have a surviving spouse or ex-spouse eligible for the Pre-Retirement Survivor Annuity, no payments will be made to anyone.

## If You Die While Performing Qualified Military Service

If you die while performing Qualified Military Service, your beneficiaries will be entitled to any benefits, except benefit accruals (Benefit Credits), that would have been provided had you resumed Covered Service just before your death.

## If You Die After Your Pension Begins

If you die after your pension benefits begin and you were receiving one of the Joint & Survivor Annuity forms of payment, your spouse will be eligible to receive 50% or 75%, as applicable, of your benefit for the remainder of his or her lifetime, provided you were married at retirement and your marriage lasted for at least one year prior to your death. For more information on the Joint & Survivor Annuity forms of payment, please see *Your Pension Payment Options*, on pages 27 and 28.

If, with your spouse's consent, you had elected the Single Life Annuity form of payment, all benefit payments will cease after your death.

# Types of Pensions and Benefit Amounts

There are three types of pensions available under the Plan:

- Normal Retirement Pension;
- Early Retirement Pension; and
- Rule of 85 Retirement Pension.

In addition, if you become disabled before the age of 60, you may be eligible for an Auxiliary Disability Benefit. For information about the Auxiliary Disability Benefit, refer to *If You Become Disabled* on page 13.

This section summarizes the eligibility requirements and the method for calculating the amount of the Normal, Early, and Rule of 85 Retirement Pensions.

## Normal Retirement Pension

Upon application, you are eligible to retire with a Normal Retirement Pension if you:

- are at least age 60 and have at least 10 Vesting Credits or
- are at least age 65 and have at least 5 but less than 10 Vesting Credits.

If you do not meet either of the above requirements, you may be eligible for a Normal Retirement Pension at the later of age 65 or your age on the fifth anniversary of the date you became a Participant in this Plan, provided you are a Participant at that time.

### *Amount of Normal Retirement Pension*

The amount of your Normal Retirement Benefit is based on the number of Benefit Credits you have earned, whether you have incurred Separations in Service, and on your classification under the bargaining agreements.

*Drug Clerk Normal Retirement Benefit*

If you are eligible for a Drug Clerk Retirement Benefit, never had a Separation in Service, and retire on or after July 1, 2001, the monthly amount of your Normal Retirement Benefit payable as a Single Life Annuity will be calculated under the following formula:

- $27.30** for each of your first 10 Benefit Credits, plus
- $36.40** for each additional Benefit Credit.

*** These rates were increased by 10%, to $30.03 and $40.04 respectively, for Benefit Credit earned during the 2009 and 2011 calendar years.*

If you are married, you can receive your benefit in the form of a Joint & Survivor Annuity (50% or 75%), which will allow you to provide a benefit to your surviving spouse, should you die first. The amount of your benefit is reduced to provide that form of payment.

Here is an example:

*Lucinda worked as a clerk and retires on September 1, 2017, at age 60 with 20.5 Benefit Credits (and no Separations in Service). Two of Lucinda's Benefit Credits were earned in 2009 and 2011. Lucinda's monthly Normal Retirement Pension benefit is calculated as follows:*

| | | |
|---|---|---|
| *Step 1:* | *10 Benefit Credits x $27.30* | *= $273.00* |
| *Step 2:* | *Additional 8.5 Benefit Credits x $36.40* | *= $309.40* |
| *Step 3:* | *Additional 2 Benefit Credits x $40.04 (for 2009 & 2011)* | *= $80.08* |
| *Step 4:* | *$273.00 (Step 1) + $309.40 (Step 2) + $80.08 (Step 3)* | *= $662.48* |

*Lucinda's monthly Normal Retirement Pension, payable as a Single Life Annuity at age 60, is $662.48.*

*Pharmacist Normal Retirement Benefit*

If you are eligible for a Pharmacist Retirement Benefit, never had a Separation in Service, and retire on or after August 1, 2005, the monthly amount of your Normal Retirement Benefit payable as a Single Life Annuity will be calculated under the following formula:

- $78.50** for each of your first 10 Benefit Credits, plus
- $104.60** for each additional Benefit Credit.

*** These rates were increased by 10%, to $86.35 and $115.06 respectively, for Benefit Credit earned during the 2009 and 2011 calendar years.*

Here is an example:

*Jeff retires on January 1, 2018, at age 60 with 22 Benefit Credits (and no Separations in Service). Two of Jeff's Benefit Credits were earned in 2009 and 2011. Jeff's monthly Pharmacist Normal Retirement Pension benefit is calculated as follows:*

| | | |
|---|---|---|
| *Step 1:* | *10 Benefit Credits x $78.50* | *= $785.00* |
| *Step 2:* | *Additional 10 Benefit Credits x $104.60* | *= $1,046.00* |
| *Step 3:* | *Additional 2 Benefit Credits x $115.06 (for 2009 & 2011)* | *= $230.12* |
| *Step 4:* | *$785.00 (Step 1) + $1,046.00 (Step 2) + $230.12 (Step 3)* | *= $2,061.12* |

Jeff's monthly Normal Retirement Pension, payable as a Single Life Annuity at age 60, is $2,061.12.

*Kaiser Employee Normal Retirement Benefit*

If you are eligible for a Kaiser Employee Normal Retirement Benefit, never had a Separation in Service, and you retire on or after October 1, 2005, the monthly amount of your Normal Retirement Benefit payable as a Single Life Annuity for all of your Benefit Credits earned while employed by Kaiser, will be calculated under the following formula:

- $40.00** for each of your first 10 Benefit Credits, plus
- $53.30** for each additional Benefit Credit.

*** These rates were increased by 10%, to $44.00 and $58.63 respectively, for Benefit Credit earned during the 2009 and 2011 calendar years.*

Here is an example:

> *Anh is a Kaiser Employee who retires on November 1, 2017, at age 60 with 22 years of Benefit Credit (and no Separations in Service). Two of Anh's Benefit Credits were earned in 2009 and 2011. Anh's monthly Normal Retirement Pension benefit is calculated as follows:*
>
> | | | | |
> |---|---|---|---|
> | *Step 1:* | *10 Benefit Credits x $40.00* | = | *$400.00* |
> | *Step 2:* | *Additional 10 Benefit Credits x $53.30* | = | *$533.00* |
> | *Step 3:* | *Additional 2 Benefit Credits x $58.63* | = | *$117.26* |
> | *Step 4:* | *$400.00 (Step 1) + $533.00 (Step 2) + $117.26 (Step 3)* | = | *$1,050.26* |
>
> *Anh's monthly Normal Retirement Pension, payable as a Single Life Annuity at age 60, is $1,050.26.*

*Staff Member Normal Retirement Benefit*

For collectively bargained employees of the Fund who have never had a Separation in Service and retire on or after August 1, 2005, the monthly amount of Normal Retirement Benefit payable as a Single Life Annuity will be calculated under the following formula:

- $52.90** for each of the first 10 Benefit Credits, plus
- $70.50** for each additional Benefit Credit.

*** These rates were increased by 10%, to $58.19 and $77.55 respectively, for Benefit Credit earned during the 2009 and 2011 calendar years.*

* * * *

*Effect of a Separation in Service*

A Separation in Service may cause Benefit Credits you earned before the Separation to be paid at a lower rate than the amounts shown above (see page 7 for more information). Benefit Credits earned before a Separation in Service are paid at the rate in effect when you incurred the Separation in Service.

*Effect of Delayed Retirement*

If you retire after Normal Retirement Age, the monthly amount of your pension may be larger than the amount you would have received had you retired at Normal Retirement Age.

If you delay the start of your pension until after your Normal Retirement Age, your monthly benefit will generally be the greater of:

- The amount you would receive with a Normal Retirement Pension, but using all Benefit Credits earned as of the effective date of your Pension; or
- Your pension amount at Normal Retirement Age, actuarially increased for each complete calendar month after Normal Retirement Age and before the effective date of your pension that you did not work in Suspendible Employment. See page 31 for more information about Suspension of Benefits.

## Early Retirement Pension

Your monthly pension is reduced when you retire early, since you will receive more monthly payments.

If you have at least 10 Benefit Credits, you can qualify to retire with an Early Retirement Pension at any time between the ages of 50 and 60. You are required to terminate your employment with all contributing Employer(s), before you are eligible for an Early Retirement Pension.

### *Amount of Early Retirement Pension Benefit*

If you elect Early Retirement, the monthly amount of your pension benefit will be reduced from the amount you would have received with a Normal Retirement Benefit. This is because your monthly payments are expected to be paid over a longer period of time. The following table shows how this reduction is made:

| Early Retirement Table | |
|---|---|
| Age at Retirement | % of Normal Pension |
| 59 | 94.0% |
| 58 | 88.0% |
| 57 | 82.0% |
| 56 | 76.0% |
| 55 | 70.0% |
| 54 | 66.4% |
| 53 | 62.8% |
| 52 | 59.2% |
| 51 | 55.6% |
| 50 | 52.0% |

*(Reductions for other than exact ages are determined by straight-line interpolation.)*

***Early Retirement Pension Example***
*Mike retires on October 1, 2019, at exactly age 53 with 20 Benefit Credits (and no Separations in Service). Mike's monthly Drug Clerk Normal Retirement Pension benefit is $637.00. Using the Early Retirement Table above, his monthly Early Retirement Pension benefit is calculated as follows:*

| | | | |
|---|---|---|---|
| *Step 1:* | *Monthly Normal Retirement Pension:* | | *$637.00* |
| *Step 2:* | *Percentage of Normal Pension payable at age 53:* | | *62.8%* |
| *Step 3:* | *Mike's monthly Early Retirement Pension:* | *$637.00 x 62.8%* | *$400.04* |

*Mike's monthly Early Retirement Pension is $400.04 if paid in the form of a Single Life Annuity. His benefit may be further reduced, if he elects a different form of payment.*

## Rule of 85 Retirement Pension

For you to be eligible for a Rule of 85 Retirement Pension, your age plus your number of Benefit Credits must equal at least 85.

Upon application, you may be eligible for a Rule of 85 Retirement Pension when your age plus your total number of Benefit Credits equal 85 or more and you have terminated employment with all contributing Employer(s). In determining your eligibility for the Rule of 85, up to 10 reciprocal service credits may be counted in determining your total number of Benefit Credits. If you had a Separation in Service as of December 31, 1998, you can qualify for a Rule of 85 Retirement only with respect to that portion of your pension that you earned after December 31, 1998.

The Rule of 85 Retirement is not available to Participants eligible for a Pharmacist Retirement Benefit.

### *Amount of Rule of 85 Retirement Benefit*

The Rule of 85 Retirement Pension is calculated like a Normal Retirement Pension (see page 20). The benefit amount is not reduced for your age at retirement.

***Rule of 85 Retirement Pension Example***
*At age 55, Miguel has 30 Benefit Credits. Miguel is eligible for a Rule of 85 Retirement Pension since his age plus his Benefit Credits equal 85 (55 + 30). Miguel's pension will be calculated like a Normal Retirement Pension, and there will be no reduction for retiring prior to age 60.*

# APPLYING FOR YOUR PENSION BENEFIT

In order to be eligible for pension benefits from this Plan, you must submit a retirement application to the Fund Office. If you have not yet reached Normal Retirement Age, you must also terminate employment with your Employer(s) before benefits can start. Please contact the Fund Office for more information or to obtain a retirement application.

> To receive benefits, you must apply for your pension. To receive a retirement application, contact the Fund Office.

> The Fund Office must have your current address on file at all times. This helps ensure that you receive important information from the Plan.

You should complete your retirement application and send it (along with any supporting documentation) to the Fund Office approximately 90 days before you want your pension to start. Along with your application, you will need to provide:

- proof of your age,
- if married, proof of your marriage and of your spouse's age, and
- if divorced, copies of all divorce decree(s).

If you are missing some of the supporting documentation needed to complete your retirement application, you can submit your application while working to obtain the documents.

> If you are married, your pension generally must be paid in the form of a 50% Joint & Survivor Annuity, unless you and your spouse reject this form of payment in writing. See page 27 for more information.

After your retirement application is processed, the Fund Office will send you information about your pension, including an explanation of the forms of payment available to you, an election form, and estimated payment amounts for each form of payment.

You and your spouse will have at least 30 days from the date you receive this information to consider whether you want to reject the 50% Joint & Survivor Annuity and elect a different form of payment.

> You should start the application process for pension benefits 90 days before you want your benefits to become effective.

In the event of your death before retirement, your spouse must apply for the Pre-Retirement Survivor Annuity and submit proof of your death.

If any additional information is needed, the Fund Office will notify you.

## When Your Pension Benefits Begin

After you submit your retirement application, you will receive information about your pension benefits, including an Explanation of Payment Options.

Unless you specify a later date on your retirement application or you are receiving payments from the Supplementary Disability and Unemployment Plan of the Southern California Drug Benefit Fund, your pension benefits will be effective on the first day of the first month after the date that the Fund Office provides you the Explanation of Payment Options, as long as you have satisfied all other requirements for a pension as of that date.

If you are receiving payments from the Supplementary Disability and Unemployment Plan of the Southern California Drug Benefit Fund at the time your retirement application is filed, your pension benefits cannot begin until after you receive your final supplementary payment.

***When Benefits Begin Example***

*Marcia has satisfied all requirements for a pension and submits her retirement application to the Fund Office on June 20, 2017. The Fund Office processes her application and sends her an Explanation of Payment Options, as well as other information about her pension, on July 15, 2017. Marcia's retirement date can be as early as August 1, 2017, even if she doesn't elect her form of payment until late September 2017. If the Fund Office had sent Marcia the Explanation of Payment Options by June 30, 2017, her retirement date could be as early as July 1, 2017.*

Because it takes time to process your pension, your first pension payment may be delayed until after your effective date. We recommend that you file your retirement application 60-90 days before the effective date of your pension.

***If you submit your retirement application to the Fund Office after the 10th day of a month, it is unlikely that the QJSA Explanation will be sent to you in time for your retirement effective date to be the first day of the following month.***

Please be aware that the Plan and federal law require that you start receiving your pension payments by April 1 of the calendar year following the calendar year in which you reach age 70½, even if you are still working. This date is known as your Required Beginning Date. If you are no longer working for an Employer (or are working but own 5% or more of an Employer) and do not begin collecting your retirement benefits by this date, you may be subject to adverse income tax consequences.

If you continue working after Normal Retirement Age and do not apply for your pension, you may lose the pension payments you could have received had you retired. See page 31 for more information about suspension of benefits.

# YOUR PENSION PAYMENT OPTIONS

The pension payment options available to you upon retirement depend on your marital status when you retire. If you are lawfully married, you and your spouse will be able to elect one of the forms of payment described below. If you are not married, your pension generally can be paid only in the form of a Single Life Annuity.

The forms of payment described below are available if you are retiring with an Early, Normal, or Rule of 85 Pension. They are not available at the time you are eligible for an Auxiliary Disability Benefit. For more information about the forms of benefit available with the Disability Benefit, please see *Forms of Payment - for Auxiliary Disability Benefits* on page 14.

## Single Life Annuity

If you are not married when you retire, your pension will be paid as a Single Life Annuity. The Single Life Annuity provides you with monthly pension payments for your lifetime. No benefits are payable after your death.

> The Single Life Annuity form of payment pays a monthly pension to you for your lifetime with no further benefits payable upon your death.

If you are married, you may choose a Single Life Annuity only if your spouse waives (in writing) his or her right to the 50% Joint & Survivor Annuity and consents to the Single Life Annuity on a form provided by the Fund Office.

## 50% Joint & Survivor Annuity

The 50% Joint & Survivor Annuity form of payment provides you with monthly pension payments for your lifetime. If you die before your spouse, lifetime monthly payments equal to 50% of the monthly benefit you were receiving will automatically continue to your surviving spouse, provided that you were married for at least one year (see *Additional Rules Applicable to the 50% and 75% Joint & Survivor Annuities* on page 28 for more information). If your spouse dies first, your monthly pension will thereafter be increased to the amount you would receive with a Single Life Annuity.

> If you elect one of the Joint & Survivor Annuity forms of payment, your monthly benefit is reduced to provide a survivor benefit for your spouse in the event of your death.

In order to provide a benefit to your surviving spouse, the amount of your 50% Joint & Survivor Annuity is reduced from what you would have received with a Single Life Annuity. Specifically, the monthly amount of your pension will be 90% of the amount you would receive with a Single Life Annuity form of payment. If your spouse is more than 10 years younger than you, the amount of the reduction will be increased by an additional 0.5% for each year, or fraction of a year, that your spouse is more than 10 years younger than you.

## 75% Joint & Survivor Annuity

If you are legally married when you retire, you may receive your benefit in the form of a 75% Joint & Survivor Annuity, if your spouse consents and completes the form necessary to waive the 50% Joint & Survivor Annuity.

Like the 50% Joint & Survivor Annuity, the 75% Joint & Survivor Annuity gives you monthly payments for your lifetime, while providing a survivor benefit to your spouse. When you die, lifetime monthly payments equal to 75% of the payment amount you were receiving will automatically continue to your surviving spouse, provided that you were married for at least one year (see *Additional Rules Applicable to the 50% and 75% Joint & Survivor Annuities* below for more information). If your spouse dies first, your monthly pension will thereafter be increased to the amount you would receive with a Single Life Annuity.

In order to provide a benefit to your surviving spouse, the amount of your 75% Joint & Survivor Annuity is reduced from what you would have received with a Single Life Annuity. Specifically, with a 75% Joint & Survivor Annuity, the monthly amount of your pension will be 86% of the amount you would receive with a Single Life Annuity form of payment. If your spouse is more than 10 years younger than you, the amount of the reduction will be increased by an additional 0.5% for each year, or fraction of a year, that your spouse is more than 10 years younger than you.

## Additional Rules Applicable to the 50% and 75% Joint & Survivor Annuities

- You and your spouse must have been married at the time of your retirement, and your marriage must have lasted for at least one year, for your spouse to be eligible for survivor benefits under the Joint & Survivor Annuity forms of benefit.

- The Joint & Survivor Annuity forms of payment protect the spouse to whom you are legally married when pension benefits begin. If you divorce your spouse after you retire, the amount of your monthly pension benefit will not change. Your former spouse will remain entitled to survivor benefits after your death as long as you were married to your former spouse for at least twelve months prior to your death. If you later remarry, your new spouse will not be entitled to any surviving spouse benefits.

- If your marriage ends before you retire, neither you nor your former spouse qualify for a Joint & Survivor Annuity, unless a QDRO requires that your former spouse be treated as your surviving spouse under a Joint & Survivor Annuity form of payment (See page 11 for more information about QDROs).

- After your death, payments to your surviving spouse continue for his or her lifetime and do not stop if your spouse remarries.

***Form of Payment Example - Joint & Survivor Annuity***

*Eddie retires at age 60. Assuming his monthly Normal Retirement Pension benefit is $1,000.00 (see page 20) and his wife is age 57 (three years younger than he is), here's how his Joint & Survivor Annuity forms of payment (50% & 75%) are calculated.*

***50% Joint & Survivor Annuity Example***

*If Eddie elects the 50% Joint & Survivor Annuity, the following benefits would be payable:*

- *While Eddie and his wife are both alive, Eddie will receive $900.00 per month ($1,000 x 90%)*
- *If Eddie dies first, his wife will receive $450.00 per month for the rest of her lifetime (50% of $900.00).*
- *If his wife dies first, Eddie's monthly benefit will increase to $1,000.00 per month for the rest of his lifetime.*

*If Eddie and his wife had elected the Single Life Annuity, Eddie would have received $1,000.00 per month for the rest of his lifetime, and no benefits would have been payable to his wife after his death.*

***75% Joint & Survivor Annuity Example***

*If Eddie elects the 75% Joint & Survivor Annuity, the following benefits would be payable:*

- *While Eddie and his wife are both alive, Eddie will receive $860.00 per month ($1,000 x 86%)*
- *If Eddie dies first, his wife will receive $645.00 per month for the rest of her lifetime (75% of $860.00).*
- *If his wife dies first, Eddie's monthly benefit will increase to $1,000.00 per month for the rest of his lifetime.*

*If Eddie and his wife had elected the Single Life Annuity, Eddie would have received $1,000.00 per month for the rest of his lifetime, and no benefits would have been payable to his wife after his death.*

## Lump Sum Distribution

If, when you apply for benefits and your benefit is calculated, the Actuarial Equivalent value of your pension benefit is $5,000 or less, your benefit will be distributed in a lump sum.

This means that your entire pension benefit is paid in one payment. Once a lump sum payment is made, no additional benefits will be payable from the Plan. This lump sum distribution is considered a taxable payment. Lump sum payments are eligible for rollover to an IRA or qualified retirement plan. Doing so allows payment of income taxes to be deferred. If your benefit is payable as a lump sum, you will be provided with information on rollovers.

**Lump Sum Distribution**
If the value of your pension benefit is $5,000 or less, you will receive your benefit as one lump sum payment. Once a lump sum payment is made, no additional benefits will be payable from the Plan.

## Withholding Tax on Pension Payments

All pension payments are taxable for purposes of federal and state income tax. When you retire you will be provided an explanation about withholding of taxes from your benefit payments and asked to specify the amount of income taxes you wish to have withheld each month. You may change your tax withholding election at any time.

After you retire, you will receive Form 1099-R from the Fund Office each year indicating the amount of pension income you received for the previous year and the amount of taxes withheld.

# WORKING AFTER RETIREMENT OR AFTER NORMAL RETIREMENT AGE

## Suspension of Benefits

Suspendible Employment is employment:

- → in California; and
- → for more than 70 hours in a month; and
- → in the same industry as Employers that contribute to the Plan; and
- → in the same trade or craft in which you worked under the Plan.

After you retire and begin receiving benefits, if you work in California, in the same industry as employers that contribute to the Plan, and in the same trade or craft in which you worked under the Plan, your pension benefit will be suspended for each month that you work more than 70 hours. This will happen whether you are working for an Employer that contributes to the Plan or for a non-union employer. If your pension is suspended, it means that you will not receive a pension benefit for that month, and you will permanently lose the value of that pension payment.

If you do not retire and you work after your Normal Retirement Age, your pension will be suspended each month that you work more than 70 hours in California, in the same industry as Employers that contribute to the Plan, and in the same trade or craft in which you worked under the Plan, whether you work for a Contributing Employer or a non-union employer. If your pension is suspended, you will not receive the pension payments that would have been paid to you for those months if you had not worked in such employment, nor will you ever receive the value of those payments. However, if you work in Covered Service, you may earn additional Benefit Credits.

Work in California, for more than 70 hours in a month, in the same industry as Employers that contribute to the Plan, and in the same trade or craft in which you worked under the Plan is referred to as Suspendible Employment.

This suspension rule applies to work as an employee, supervisor, manager, or while self-employed, if you use the skills and experience you acquired while working in Covered Service and you work in California in the same industry as employers that contribute to the Plan.

The Suspension rules do not apply, and your pension will not be suspended or reduced, after the January 1 of the calendar year following the calendar year in which you reach age 70½.

All retirees are required to make their Social Security and IRS records available to the Fund upon request to verify employment status. You will be required annually to certify that you are entitled to continue receiving pension benefits and to disclose all post-retirement employment. Your pension payments may cease until your response is received by the Fund Office.

### *Reduction of Pension Benefits: An Alternative to Suspension*

Instead of a suspension of your pension benefits, you may elect to have your pension benefits reduced. When you choose this option, the amount of your monthly pension benefit will be reduced based in part on the number of hours you worked in excess of 70 hours.

If you elect a Reduction of Pension Benefits instead of a suspension, and you work enough hours to make the reduction exceed your monthly pension benefit, your entire month's pension payment will be withheld.

You must complete a form to have your pension benefits reduced instead of suspended.

### *Your Obligation to Notify Fund of Suspendible Employment*

You must notify the Fund Office as soon as possible but no later than 21 days after you begin work, whether you are retired or you reach Normal Retirement Age while working. Please contact the Fund Office whether you plan on working more than 70 hours a month on a regular basis or if you do so only occasionally.

If the Fund learns that you are working in California, in the same industry and in the same trade or craft covered by the Plan, it will be assumed, unless and until you provide evidence to the contrary, that you are working more than 70 hours a month, and your pension will be suspended.

If you do not notify the Pension Fund of your work in Suspendible Employment, pension payments that should have been suspended will be recovered by reducing your future pension payments.

### *Request for Status Determination*

If you are not sure whether particular employment would cause your pension to be suspended, you may submit a written request to the Board of Trustees for a determination as to whether the contemplated employment will cause a suspension (or reduction) of your pension benefits. Requests for status determinations will be considered in accordance with the Plan's claim procedures.

### *Resuming Pension Payments Following a Suspension*

The suspension or reduction of your pension payments will continue until you (1) notify the Fund, in writing, that you have stopped working or are working less than 70 hours in a month, or (2) reach the January 1st of the calendar year after the year in which you attain age 70½. Your pension benefits will resume no later than the first day of the third calendar month after your notification is received by the Fund Office.

### *Recovery of Overpayments*

If you received pension payments that should have been suspended, the Fund may recover the overpayment by reducing your future pension benefits. The reduction is limited to 100% of your first payment upon resumption of your pension benefits and 25% of payments thereafter, until all overpayments are fully recovered.

### *Notice of Suspension or Reduction*

If your pension is suspended or reduced for working in Suspendible Employment, the Fund Office will notify you in writing, and the notice will provide:

- The specific reason for the reduction or suspension of your pension benefits;
- A description of the plan provisions relating to the suspension of benefits;
- A statement that applicable Department of Labor Regulations may be found at §2530.203-3 of the Code of Federal Regulations;
- A statement of the procedure for securing a review of the reduction or suspension;
- A description of the procedure and any necessary forms that must be submitted before the reduction or suspension can end; and
- If applicable, the basis for recovering any pension benefits that should have been suspended, including specific identification of the periods of Suspendible Employment, the suspendible amount of retirement benefits to be recovered by the Plan, and the manner in which the Fund intends to offset the suspendible amount of retirement benefits.

### *Request for Review of Suspension or Reduction*

If your pension benefits are reduced or suspended, you will be entitled to submit a written appeal for a review of the reduction or suspension of your pension benefits. Such a request must be made within 60 days of the notice of reduction or suspension of your pension benefits. Your request for review will be considered in accordance with the Plan's Claims and Appeals Procedures. See page 35.

## Benefit Accruals for Covered Service After Retirement

After you retire, if you return to Covered Service, you may earn additional pension benefits.

### *Additional Benefits Earned Before Normal Retirement Age*

Any additional benefits you earn before the Year in which you attain Normal Retirement Age will be determined at the end of each Year and will be payable, starting with the later of:

- the first monthly payment of the Year following the Year in which the additional benefits were earned, or
- the first monthly payment after you again retire.

Due to time required for processing your post-retirement accrual calculation, any adjustment to your pension amount as a result of your Covered Service after retirement may be delayed.

### *Additional Benefits Earned After Normal Retirement Age*

Any additional benefits you earn in a Year by the end of which you have attained Normal Retirement Age will be determined at the end of the Year and will be payable starting with the first monthly payment in the following year, if your pension is not suspended at that time due to your continued employment. In calculating the amount of any additional benefits earned in the prior Year, the benefit you accrued in that Year will be reduced (but not below zero) by the actuarial equivalent of the total pension distributions made to you for the Year.

Due to time required for processing your post-retirement accrual calculation, any adjustment to your pension amount as a result of your Covered Service after retirement may not occur until several months into the Year.

# Claims and Appeals Procedure

## Application Procedure

To begin collecting retirement benefits, you must file a retirement application with the Fund Office. Please see page 25 for more information about how to file your application.

Applications for pension benefits must be filed by you or your properly authorized representative on forms provided by the Fund Office. You will be notified if any additional information is necessary to complete your application.

Generally, a decision will be made within 90 days of receipt of your application by the Fund Office. If additional time is required to make a decision on your claim, for reasons beyond the control of the Plan, the Plan may extend this 90-day period up to an additional 90 days, or longer if you are asked to submit information necessary to process your claim. Before any extension, however, you will be notified in writing of the reasons for the delay and when you can expect to receive a decision.

## If Your Application Is Denied

If your application is denied in whole or in part, you will receive a written notice that:

- states the specific reason or reasons for the denial;
- refers to the specific Plan provision(s) on which the denial is based;
- describes any additional information or materials necessary to complete your claim and explains why the information is needed;
- describes the Plan's appeal procedures and the time limits applicable to such procedures, including a statement of your right to bring a civil action under Section 502(a) of ERISA following the denial of a claim on appeal.

## Appeal Procedure

If you are not satisfied with the decision on your application, you (or your authorized representative) have 60 days after you receive the written decision to submit an appeal. The appeal must be in writing and should be sent to the Fund Office. You or your representative may, upon request and without charge, inspect or receive copies of documents, records, and other information relevant to your claim that are held by the Fund Office. You may also submit written comments, documents, records, and other information relating to your claim.

> You must appeal the decision on your pension application within 60 days after the date you receive the decision. You should send your written appeal to the Fund Office.

Your appeal will receive a full and fair review by the Board of Trustees or its designated Appeals Committee. As a part of this review, all documents or information that you submit will be considered, regardless of whether such information was submitted or considered in the initial decision.

A decision on your appeal will be made at the first regular Board meeting that occurs at least 30 days after your appeal is received. If special circumstances require an extension of time for processing your appeal, a decision will be made no later than the third regular Board meeting following the date your appeal was received. If an extension is necessary, you will be notified in writing of the reasons for any extension and the date by which a decision will be made.

If the extension is due to your failure to submit information necessary to decide your appeal, the decision will be made by the later of: (1) the third regular Board meeting following receipt of your appeal; or (2) the first regular Board meeting that is at least 30 days after you provide the requested information. If after a reasonable period of time, of at least 90 days, you have not responded to the Fund's request for additional information, a decision may be made on your appeal, provided that you are given at least 60 days advance notice that a decision will be made regardless of whether you have submitted the requested information. You will be notified of the decision within five days after it is made.

If your appeal is denied, in whole or in part, you will receive written notice containing:

- the specific reason or reasons for the decision;
- reference to the specific Plan provision(s) on which the decision was based;
- a statement notifying you that you have the right to receive, upon request and without charge, reasonable access to, and copies of all documents, records and other information relevant to your claim; and;
- a statement that you have the right to bring a civil action under Section 502(a) of ERISA.

An appeal filed more than 60 days after you receive the decision on your claim will be rejected unless the Appeals Committee or the Board concludes that the delay in filing was for reasonable cause.

If you do not file a timely appeal, you will not be entitled to bring a civil action based on the denial of your application for benefits.

### Failure to Follow Procedures

If the Fund fails to follow these claims and appeals procedures, and it does not correct the error without prejudice to you, you will be deemed to have exhausted the administrative remedies available to you under the Plan and will be entitled to pursue any available remedies under Section 502(a) of ERISA.

# Circumstances That May Result in Ineligibility, Disqualification, Denial, or the Loss or Reduction of Your Benefits

Certain circumstances can cause you to lose benefits under the Pension Plan or your benefits under the Plan could be reduced. This section describes various circumstances that can cause you to have a loss or reduction of your benefits.

- Leaving Covered Service before you become Vested can cause you to lose your accumulated Vesting and Benefit Credits (see *Leaving Work* on page 7). If you are considering leaving Covered Service, check with the Fund Office to learn whether or not you are Vested.

- Incurring a Permanent Break in Service will cause you to permanently lose all of the Vesting and Benefit Credits you accumulated before the Permanent Break. See page 8 for more information.

- If you have a Separation in Service before or after becoming Vested, the benefits you earned before the Separation will be frozen at the level in effect when you incurred the Separation in Service. For more information, see *Separation in Service – Benefit Freeze* on page 7. In addition, having a Separation in Service can make you ineligible for certain benefits, such as a Disability Benefit.

- If you are receiving an Auxiliary Disability Benefit and you cease to be disabled (i.e., if Social Security Disability Benefits are terminated), your Disability Benefits from the Fund will end. You may apply (when eligible) for an Early Retirement Pension, or may instead receive a Normal Retirement Pension upon reaching Normal Retirement Age.

- If you do not retire and continue working past Normal Retirement Age, you will permanently lose pension benefits for each month that you work more than 70 hours in California, in the same industry, and in the same trade or craft you worked under the Plan. (However, if you work in Covered Service, you may earn additional Benefit Credit). For more information, please refer to *Working After Retirement or After Normal Retirement Age* on page 31.

- After you retire, you will lose benefits for each month you work in Suspendible Employment. Please see *Working After Retirement or After Normal Retirement Age* on page 31 for more information.

- After you retire, if you receive pension payment(s) for months that your pension should have been suspended, the Fund may recover the overpayments from you by reducing the amounts owed from your future pension payments. For more information, see *Recovery of Overpayments* on page 33.

- ❖ If benefits are paid to you or anyone else who is not entitled to such benefits, the amount of the improper payment is an obligation of the recipient to the Fund. The Fund may recover any such erroneous payments (including overpayments) by any means available, including, but not limited to, by deduction from future benefits payable to the recipient or any surviving beneficiary. The Board may waive any such obligation in whole or in part if it determines that enforcing the obligation would be inequitable under the circumstances. (Different recovery rules apply when the Participant has been paid pension benefits that should have been suspended under the Plan's Suspension of Benefits provisions).

- ❖ Benefits may be reduced or lost if the Plan terminates. If an Employer withdraws from the Plan and the result is to endanger the financial soundness of the Plan, the Trustees may choose to reduce benefits attributable to past service with such Employer in accordance with regulations established by federal law.

- ❖ The Trustees require that each eligible pensioner or beneficiary annually complete a form verifying receipt of pension payments and current work status. Failure to return this form in a timely manner will stop release of additional payments until the verification form has been completed.

# ADMINISTRATIVE INFORMATION

**Plan Name**
Southern California United Food and Commercial Workers Unions and Drug Employers Pension Plan

**Plan Number**
001

**Plan Sponsor's Employer Identification Number**
51-6029925

**Fiscal Year of the Plan (the Plan Year)**
January 1 - December 31

**Type of Plan**
The Plan is a defined benefit pension plan.

**Legal Document**
This Summary Plan Description booklet highlights the provisions of the official legal documents governing the Pension Plan. *All of your rights and benefits are governed by the official Plan document.* If you wish, you may examine the Plan document at the Fund Office or obtain a copy for a reasonable copying charge. It is available from the Fund Office.

**Plan Sponsor and Plan Administrator**
The Board of Trustees of the Southern California United Food and Commercial Workers Unions and Drug Employers Pension Plan is the Plan Sponsor and the Plan Administrator. The Plan is administered by the Board of Trustees with the help of a Fund Administrator. The Board of Trustees is made up of Union and Employer representatives. If you wish to contact the Board of Trustees, you may use the address and phone number below:

Board of Trustees
Southern California United Food and Commercial Workers
Unions and Drug Employers Pension Plan
2220 Hyperion Avenue
Los Angeles, California 90027
(323) 666-8910

**Funding of Plan**
Participating Employers pay the entire cost of the Plan by making contributions to the Fund. The amount of Employer contributions and the Employees on whose behalf contributions are made are determined by the Retail Drug Agreements.

The Trustees of this Plan are:



**Agent for Service of Legal Process**

The Fund Administrator, Tracy Shannon, is the Plan's agent for service of legal process. If legal disputes involving the Plan arise, any legal documents should be served upon the Fund Administrator at the Fund Office. However, such documents may also be served upon any Trustee. The Fund Administrator is:

Tracy Shannon
Southern California United Food and Commercial Workers
Unions and Drug Employers Pension Plan
2220 Hyperion Avenue
Los Angeles, California 90027

### Normal Retirement Age

The Normal Retirement Age under the Plan is the *earlier* of your attainment of:

- age 60 with at least 10 Vesting Credits; or
- age 65 with at least 5 but less than 10 Vesting Credits; or
- the later of age 65 or the fifth anniversary occurring after 1987 of the commencement of participation in this Plan. If any Plan participation prior to 1988 is relied upon to attain Normal Retirement Age, then the tenth anniversary of Plan participation or attainment of age 65, whichever is later, is required.

### Collective Bargaining Agreements

The Plan is maintained in accordance with the Retail Drug Agreements between various Employers and United Food and Commercial Workers Union Locals. The Retail Drug Agreements are Collective Bargaining Agreements that provide for contributions by the Employers to the Pension Trust Fund on an agreed upon hourly basis. There are no Employee contributions.

A copy of any of the Collective Bargaining Agreements may be obtained upon written request to the Fund Administrator. Such information is also available for examination at the Fund Office, or can be examined at the Local Union Offices or work sites upon ten days advance request to the Fund Office.

By written request to the Plan Administrator, Participants and beneficiaries may receive information as to whether a particular union or employer is a sponsor of the Plan and, if the union or employer is a plan sponsor, the sponsor's address.

Participating Local Unions include:

UFCW Local 135
2001 Camino Del Rio South
San Diego, CA 92108
619.298.7772

UFCW Local 770
816 Camarillo Springs Road
Camarillo, CA 93012
805.383.3300

UFCW Local 324
8530 Stanton Avenue, Box 5004
Buena Park, CA 90620
714.995.4601

UFCW Local 770
2701 Gage Avenue
Suite 202
Huntington Park, CA 90255
323.923.1510

UFCW Local 770
630 Shatto Place
Los Angeles, CA 90005
213.487.7070

UFCW Local 1167
855 W. San Bernardino Avenue
Bloomington, CA 92316
909.877.5000

| | |
|---|---|
| UFCW Local 770<br>5000 California Avenue<br>Suite 211<br>Bakersfield, CA 93309<br>661.323.2866 | UFCW Local 1428<br>705 W. Arrow Highway<br>Claremont, CA 91711<br>909.626.6800 |
| UFCW Local 770<br>127 Bridge Street<br>Arroyo Grande, CA 93420<br>805.481.5666 | UFCW Local 1442<br>9075 S. La Cienega Blvd.,<br>Inglewood, CA 90301<br>310.322.8329 |
| UFCW Local 770<br>23030 Lyons Avenue, #102<br>Newhall, CA 91321<br>661.259.9900 | UFCW Local 8 Golden State<br>2200 Professional Drive<br>Roseville, CA 95661<br>916.786.0588 |
| UFCW Local 770<br>4213 State Street, Suite 201<br>Santa Barbara, CA 93110<br>805.681.0770 | UFCW Local 8 Golden State<br>900 Airport Drive<br>Bakersfield, CA 93308<br>661.391.5770 |

### Funding Medium

Fund assets are held in trust by the Plan's custodian, Northern Trust Company.

### Type of Administration

The Plan is self-administered by the Board of Trustees with the assistance of a Fund Administrator and staff. The Fund also employs other personnel, including consultants, actuaries, attorneys, investment managers and accountants.

### Assignment of Benefits

This Plan is intended to pay benefits only to you or your eligible survivors. Your benefits cannot be used as collateral for loans or assigned in any other way, except in connection with a Qualified Domestic Relations Order (QDRO) or as otherwise required by law.

### Maximum Pensions

The Internal Revenue Service has established a maximum monthly pension amount that can be received from a pension plan, such as this one. You will be contacted if the maximum affects you.

### Plan Amendment and Termination

The Board of Trustees reserves the right, consistent with the terms of the Retail Drug Agreements and the Trust Agreement, to modify, amend, or terminate the Plan. Except as may otherwise be required to obtain or retain tax-exempt status for the Pension Trust Fund, or as otherwise permitted or required by law, no amendment may divest any accrued rights which have Vested prior to the later of the date of execution of the amendment or its effective date.

Upon termination or partial termination of the Plan, no further benefits will accrue on behalf of the affected Participants, but all such Participants' accrued benefits will be fully Vested to the extent funded by the date of termination or partial termination.

If the Plan terminates, money in the Pension Fund, to the extent possible, would be used in accordance with any applicable laws. No funds will be returned to any Employer. Benefits may be paid as soon as the Plan termination has been approved by government agencies, or payment could be deferred to a later time. The Board of Trustees, with government approval if applicable, will determine when benefits are to be paid.

In lieu of terminating the participation of any individual group which ceases to participate hereunder, or in addition to such termination, the Board may reduce or cancel the rate of benefits applicable to or payable on account of past service credits attributable to employment within that group, as determined by the Board based on the recommendations of a qualified actuary.

### Authority of the Board of Trustees

Under the Declaration of Trust establishing the Pension Trust Fund and the terms of the Pension Plan document, the Board of Trustees has full discretion to interpret the terms of the Pension Plan and the Trust Agreement, and any construction adopted by the Trustees in good faith shall be final and binding. The Board of Trustees, or its designee, also has sole authority to decide any questions of eligibility for, entitlement to, or the amount of Plan benefits.

The Trustees have been given broad discretion and their decisions in such matters are final and binding on all persons dealing with the Pension Plan or claiming a benefit from the Plan. If a decision of the Trustees is challenged in court, that decision is to be accorded judicial deference, unless it is determined to be arbitrary or capricious.

No officer, agent or employee of the Union or Employer, or any other person, is authorized to speak for or on behalf of or to commit the Trustees or Plan Administrator on any matter relating to the Pension Plan.

### Plan Termination Insurance/PBGC Insurance

Your pension benefits under this multiemployer plan are insured by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency. A multiemployer plan is a collectively bargained pension arrangement involving two or more unrelated employers, usually in a common industry.

Under the multiemployer plan program, the PBGC provides financial assistance through loans to plans that are insolvent. A multiemployer plan is considered insolvent if the plan is unable to pay benefits (at least equal to the PBGC's guaranteed benefit limit) when due.

The maximum benefit that the PBGC guarantees is set by law. Under the multiemployer program, the PBGC guarantee equals a participant's years of service multiplied by:

- 100% of the first $11 of the monthly benefit accrual rate; and
- 75% of the next $33.

The PBGC's maximum guarantee limit is $35.75 per month times a participant's years of service. For example, the maximum annual guarantee for a retiree with 30 years of service would be $12,870.

The PBGC guarantee generally covers:

- normal and early retirement benefits;
- disability benefits if you become disabled before the plan becomes insolvent; and
- certain benefits for your survivors.

The PBGC guarantee generally does not cover:

- benefits greater than the maximum guaranteed amount set by law;
- benefits increases and new benefits based on Plan provisions that have been in place for fewer than five years at the earlier of:
    - the date the plan terminates; or
    - the time the plan becomes insolvent;
- benefits that are not vested because you have not worked long enough;
- benefits for which you have not met all of the requirements at the time the plan becomes insolvent; and
- non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay and severance pay.

For more information about the PBGC and the benefits it guarantees, ask your Plan Administrator or contact the PBGC's Technical Assistance Division at:

PBGC
Technical Assistance Division
1200 K Street N.W., Suite 930
Washington, D.C. 20005-4026

You may also call the PBGC at (202) 326-4000 (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at (800) 877-8339 and ask to be connected to (202) 326-4000. Additional information about the PBGC's pension insurance program is available through the PBGC's website on the Internet at http://www.pbgc.gov.

## Your ERISA Rights

As a Participant in the Southern California United Food and Commercial Workers Unions and Drug Employers Pension Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan Participants are entitled to:

### *Receive Information About Your Plan and Benefits*

You have the right to:

Examine, without charge, at the Fund Office and at other specified locations, such as worksites and Union Local Offices, all documents governing the Plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration;

Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts, collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description (the Plan Administrator may make a reasonable charge for the copies);

Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each Participant with a copy of the annual funding notice.

Obtain a statement telling you whether you have a right to receive a pension at Normal Retirement Age (as defined on page 41) and if so, what your benefits would be at Normal Retirement Age if you stop working under the Plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once every 12 months. The Plan must provide the statement free of charge.

### *Prudent Actions by Plan Fiduciaries*

In addition to creating rights for Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan Participants and beneficiaries. No one, including your employer, your union or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

### *Enforce Your Rights*

If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of the Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

### *Assistance With Your Questions*

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration (EBSA), U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington D.C. 20210.

You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of EBSA at (800) 998-7542 or contact the EBSA field office nearest you.

You may also find answers to your Plan questions and a list of EBSA field offices at the website of EBSA at http://www.dol.gov/ebsa.

# GLOSSARY

Throughout this booklet, there are certain capitalized words that are used frequently and that you should know. Those that are not readily understandable and are not defined in the text are defined below.

**Connecting Noncovered Employment** means employment for an Employer that is subject to federal tax withholding and that is not Covered Service but that immediately follows or precedes Covered Service with the same Employer without any intervening quit, discharge or retirement and that occurs while that Employer is obligated to contribute to the Pension Trust Fund for Employees in Covered Service.

Connecting Noncovered Employment is counted for participation and Vesting Credit purposes, but not for Benefit Credit purposes. For Vesting Credit, it is counted in a Year only if doing so results in the Participant receiving one full year of Vesting Credit for that Year. Except for determining eligibility to participate, Connecting Noncovered Employment is not counted before January 1, 1976.

**Covered Service** means employment in a position for which an Employer is required by a Retail Drug Agreement to contribute to the Pension Trust Fund.

**Disability Commencement Date** means the first day of the first month after the date you have met all the eligibility requirements for a Disability Benefit, including the filing of an application.

**Drug Clerk Normal Retirement Benefit** is the basic Normal Retirement Benefit under the Plan available to eligible Participants working under a Retail Drug Agreement who are not eligible for the Pharmacist Normal Retirement Benefit or the Kaiser Employee Normal Retirement Benefit and are not employed by the Plan.

**Employer** means an employer that is required by a Retail Drug Agreement to make contributions or report to the Plan on your behalf. It also includes the Fund Office.

**ERISA** means the Employee Income Retirement Security Act of 1974, as amended.

**Normal Retirement Age** is the *earlier* of your attainment of:

- age 60 with at least 10 Vesting Credits; or
- age 65 with at least 5 but less than 10 Vesting Credits; or
- the later of age 65 or the fifth anniversary occurring after 1987 of the commencement of participation in this Plan. If any Plan participation prior to 1988 is relied upon to attain Normal Retirement Age, then the tenth anniversary of Plan participation or attainment of age 65, whichever is later, is required.

**Pharmacist Retirement Benefit** is the result of the Retail Drug Agreement, effective July 1, 1973, and the successor Agreements, that require Employers to make additional contributions to the Pension Trust Fund on straight-time hours worked by licensed Pharmacists.

Licensed Pharmacists covered by Agreements requiring such additional contributions who retire on or after July 1, 1979, are entitled to the Pharmacist Normal Retirement Benefit in accordance with Plan provisions. Early Retirement Benefits and Disability Retirement Benefits for such Pharmacists will be calculated based on the Pharmacist Normal Retirement Benefit. Non-bargained Employees of the Pension Trust Fund will also be entitled to the Pharmacist Normal, Early and Disability Retirement Benefits for their Benefit Credit earned in the employment of the Drug Trust Fund.

**Retail Drug Agreement** means the collective bargaining agreements between Rite Aid and UFCW Locals 135, 324, 770, 1167, 1428, 1442, and 8GS, and between CVS and UFCW Locals 135, 324, 770, 1167, 1428, 1442, and 8GS that provide for Employer contributions to this Pension Trust Fund. Collective bargaining agreements between other Employers and one or more of the Southern California UFCW Union Locals that have the same provision for Employer contributions to this Pension Trust Fund as the agreements with Rite Aid or CVS are included in the term Retail Drug Agreement.

**Vested** means that you are entitled to a pension benefit when you reach retirement age and retire in accordance with the Plan. Once you are Vested, your right to a pension will not be lost if you stop working for a contributing Employer.

**Year** means the calendar year. The calendar year is used to determine Participation, Vesting Credit and Benefit Credit.