I.B.E.W. LOCAL UNION NO. 540 PENSION FUND

DESCRIPTION OF THE CONSEQUENCES OF FAILING TO DEFER RECEIPT OF A DISTRIBUTION

Factors That Can Significantly Affect Deferred Benefits

When you start your pension is a financial decision that is affected by many factors. Along with your tax and/or financial advisors, you should consider:

Taxes: You will be subject to federal income taxes on the amounts that you actually receive from the pension Plan. If you defer the commencement of your pension payments, you will also defer the taxation of your pension. If you do not defer receipt of your pension, then you will lose any benefits that you might receive from postponed taxes.

The benefits of deferring the start of your pension may be increased if you are subject to a lower tax rate in the future when you elect to begin receiving your pension. On the other hand, it is possible that federal taxation may undercut the financial effect of deferring the start of your pension if you are subject to a higher tax rate in the future when you elect to begin receiving your pension.

Investment Return:
Deferring the commencement of your pension is like investing your pension. For example, using the illustration above, if you have 10 years of service and have earned $1,000 under the Plan's benefit formula before you retired, you will receive $580 per month if your pension starts at age 55 or $1,000 per month if your pension starts at age 62. This is like investing your pension at an 8% annual interest rate compounded for the seven years from age 55 to age 62.

Continued Years of Service:
Whether you continue to work in covered employment will significantly affect the amount of your monthly pension. How your continued employment will affect your pension will be based on Plan rules regarding when and how you can accrue additional pension amounts and whether your pension payments would be subject to suspension if you work after you elect to start your pension payments.

How Long You Live:
Whether you would actually realize a benefit from deferring the start of your pension will depend on how long you live. If you die while your pension is deferred or defer the start of your pension but die soon after it starts, the amount of pension that you and your survivor spouse or beneficiary receive will be significantly affected.

Review your Summary Plan Description. The Plan's minimum distribution and death benefit rules may affect your ability to postpone receipt of your benefit. The minimum distribution rules require you to begin receiving you benefit no later than April 1 following the calendar year in which you reach age 70-½. These rules, and others governing your benefits, are contained in your Summary Plan Description.

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Federal law requires the Plan to inform you of the financial effect of a decision to defer the commencement of your pension payments until a later date. All of the following illustrations are based on the Plan's 'normal form' of payment for single participants which is a Single Life Annuity with Five Years Certain. This is a monthly benefit payable for your lifetime or 60 months, whichever is greater.

The financial effect of deferring the commencement is based on the following Plan rules:

- If you are at least 55 years of age and have at least 10 years of service, but less than 30 years of service, your monthly pension amount is reduced by ½ of 1% for each month that you are under age 62 when your payments start.
- If you are at least 55 years of age and have at least 30 years of service, your monthly pension amount is not reduced for early retirement.
- If you are over Normal Retirement Age (the earlier of age 62 with at least 10 years of service or age 65 with at least 5 years of service), your monthly pension amount is actuarially increased for each month beyond your Normal Retirement Age.

In general, the latest that you can start your pension payments is to April 1 following the calendar year in which you attain age 70-½.

For the following illustrations, we are assuming that you have earned a monthly pension of $1,000.00 per month based on the Plan's benefit formula, it will be paid as a Single Life Annuity with Five Years Certain and that you will not earn any additional benefits from work in covered employment in the future.

Your Age When You Start Your Pension	Your Years of Service		
	At Least 5, But Less Than 10	At Least 10, But Less Than 30	At Least 30
55	n/a	$ 580.00	$1,000.00
60	n/a	$ 880.00	$1,000.00
62	n/a	$1,000.00	$1,000.00
65	$1,000.00	$1,310.24	$1,310.24
70	$1,671.16	$2,189.62	$2,189.62