

# Southern California United Food & Commercial Workers Unions & Drug Employers Pension Fund

## SUMMARY OF SUSPENSION OF BENEFIT RULES

This pamphlet summarizes the current Suspension of Benefits Rules of the Southern California United Food & Commercial Workers Unions and Drug Employers Trust Funds.

### SUSPENSION FOR RETIREES

After you retire, your pension benefit will be suspended one month for each month that you work more than 70 hours in California in the same industry as employers contributing to the Plan, and in the trade or craft in which you worked under the Plan.

### SUSPENSION FOR EMPLOYEES WORKING AFTER NORMAL RETIREMENT AGE

If you do not retire and you work in California after your Normal Retirement Age your pension will be suspended for each month that you work more than 70 hours in the same industry as employers contributing to the Plan, and in the trade or craft in which you worked under the Plan. When you retire, you will not receive the pension payments that would have been paid to you if you had not worked in such employment. Normal Retirement Age is age 60 if you have 10 Years of Vesting Credit or age 65 if you have 5 but less than 10 Years of Vesting Credit.

### MORE INFORMATION ABOUT WORK THAT CAUSES A SUSPENSION

The suspension rule applies if you work as an employee, supervisor, manager, or while self-employed, if you use the skills and experience you acquired while working in Covered Service.

The “same industry” includes any business that sells prescription drugs or other significant products sold by contributing employers to consumers. Examples include: Rite Aid, Vons, 99¢ Stores, Longs, or Target. Health care facilities such as hospitals, nursing and residential care facilities, clinics, home health care agencies and companies that provide pharmaceutical services to such facilities may also be in the same industry.

Beginning January 1 of the year after you reach age 70-1/2, these suspension rules will not apply and your pension benefit will not be reduced or suspended for any work.

### OPTIONAL REDUCTION OF PENSION BENEFITS

You may elect to have your pension benefit reduced instead of suspended. When you choose this option, the amount of your pension benefit will be reduced for the number of hours you worked that were in excess of 70 hours. If you work under a Collective Bargaining Agreement, the reduction will be equal to the wages you receive for all hours you worked over 70 in a month. If you do not work under a Collective Bargaining Agreement, the reduction will be an amount equal to the number of hours worked per month in excess of seventy (70) hours multiplied by either:

- The hourly wage rate paid to the classification or the position you held with your last contributing Employer as set forth in its current Collective Bargaining Agreement; or

- The lowest hourly wage rate under the current Collective Bargaining Agreement of the four largest contributing Employers, for the classification or the position you last held, if the last contributing Employer for whom you worked is no longer a party to a Collective Bargaining Agreement or is no longer in business.

In no event will the reduction attributable to any month exceed the amount of the monthly retirement benefit payable to you.

If you want to have a reduction of benefits, rather than a suspension of benefits, you must notify the Trustees, in writing, of your election to have your pension benefits reduced. You may obtain a form on which to elect a reduction of pension benefits from the Administrative Office.

### YOU MUST NOTIFY US WHEN YOUR WORK MAY CAUSE A SUSPENSION

You must notify the Administrative Office within 21 days after you begin work for which your benefit could be suspended, whether you are retired or you reach Normal Retirement Age while working. This means that if you are retired or you reach your Normal Retirement Age while working, you must notify the Administrative Office of your work for more than 70 hours in a month in California in the same industry as employers contributing to the Plan and in the trade or craft in which you worked under the Plan. Please contact us whether you plan to work more than 70 hours on a regular basis or if you only do so occasionally.

If you do not report your work as required and the Fund learns that you are working in a job for which your benefit could be suspended, the Fund will presume that you are working more than 70 hours a month, and your pension benefits will be suspended. The suspension of your pension benefits will continue until you (1) notify the Fund,

in writing, that you have stopped working or are working less than 70 hours per month, or (2) reach January 1st of the calendar year in which you attain age 70 1/2, or (3) notify the Fund, in writing, that you elect to have your pension benefits reduced instead of suspended.

You are required to make your Social Security and IRS records available to the Fund upon request to verify your employment. 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 Pension Plan Office.

### **RESUMING PENSION PAYMENTS**

Your monthly pension benefits will not resume until after you notify the Administrative Office, in writing, that you are no longer working more than 70 hours a month in employment which will cause a suspension of your pension benefits. Your pension benefits will resume no later than the first day of the third calendar month after your notification is received.

If you are a Retiree and your pension is suspended for work in Covered Service, you may earn additional pension benefits. Your pension benefit will be recalculated at the end of each plan year that your pension is suspended or, if later, following your return to retirement. If you elect to reduce your pension, you may not be entitled to any additional pension benefits.

### **QUESTIONS REGARDING EMPLOYMENT**

You may request the Fund to advise you if a specific job will cause your pension to be suspended. Please contact the Fund Office to request this advice.

### **RECOVERY OF OVERPAYMENTS**

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

### **SUSPENSION OF RETIREE HEALTH AND WELFARE BENEFITS**

Your Retiree Health and Welfare benefits from the Southern California Drug Benefit Fund, if any, will be suspended one month for each month your pension is suspended or reduced for work for an employer that does not contribute to the Pension Fund.

If you have any questions about the Plan's suspension of benefits rules, you may contact the Administrative Office at (323) 666-8910 Ext 500.

### **SUSPENSION OF BENEFITS**

#### **Select Provisions of Article VI, Section 7 of the Southern California United Food & Commercial Workers Unions & Drug Employers Pension Plan**

#### **A. Definitions.** For purposes of this Section 7:

(1) The term "same industry" means any business activity of any employer, including self-employment, that includes any employment of the type engaged in by an Employer maintaining the Plan when the Participant commenced receiving Retirement Benefits or attained Normal Retirement Age, regardless of whether such employer is party to the Retail Drug Agreement.

(2) The term "same trade or craft" means an occupation in which the Participant was employed at any time under the coverage of the Plan, and any

occupation utilizing the same skill(s) as were involved in such occupation(s), including any self-employment or supervisory employment.

(3) The term "same geographic area" means the State of California.

(4) The term "hour(s)" means each hour for which the Participant is paid, or entitled to payment, for the performance of duties for an employer or self-employment. It shall also include any hour for which the Participant is paid, or entitled to payment, by an employer, or self-employment, on account of a period of time during which no duties are performed, irrespective of whether the employment relationship has terminated, due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence.

#### **B. Proscribed Employment.**

(1) On and after June 1, 2004, a retiree works in Proscribed Employment if he works in the same industry, in the same trade or craft, and in the same geographic area covered by the Plan in excess of seventy (70) hours in a month.

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(4) "Proscribed Employment" also includes any employment as described in this Section 7.B by a Participant who is eligible for a Normal Retirement Benefit but for the fact that he has not applied for benefits.

(5) A Participant may be employed in the type of employment described in this Section 7.B and continue to receive retirement benefits without any suspension beginning as of January 1 of the calendar year following the calendar year in which the Participant attains age 70-1/2.

#### **C. Suspension of Retirement Benefits.**

Retirement benefits will be suspended one month for every month in which the Participant is

employed in Proscribed Employment, unless the election described in Paragraph D is in effect.

**D. Reduction of Retirement Benefits.**

(1) A Participant working in Proscribed Employment may elect, in writing, to have his retirement benefits reduced, rather than suspended.

(2) A Participant's monthly retirement benefit shall be reduced by an amount equal to either:

(a) the number of hours of Proscribed Employment multiplied by the Participant's straight-time hourly wage rate, if the Participant engages in Proscribed Employment for an Employer who is signatory to a Retail Drug Agreement; or

(b) the number of hours of Proscribed Employment multiplied by the hourly wage rate for the Participant's position or classification under the Retail Drug Agreement then in effect for the Participant's last contributing Employer, if the Participant engages in Proscribed Employment for an employer who is not signatory to a Retail Drug Agreement or in self-employment. In the event the Participant's last contributing Employer is no longer in business or has ceased to be signatory to a Retail Drug Agreement, the hourly wage rate for purposes of this paragraph shall be the lowest such rate specified for the Participant's position or classification in the Retail Drug Agreement(s) of the four largest Employers.

In no event shall the reduction attributable to any month in which the Participant engages in Proscribed Employment exceed the amount of the monthly retirement benefit payable to the Participant.

**E. Notification by Participant.**

(1) If a Participant becomes employed in the same industry, in the same trade or craft, and in the same geographic area covered by the Plan, he must notify the Trustees, in writing, within twenty-one (21) days following commencement of such employment.

(2) A Participant shall provide the Trustees with such information as the Trustees may reasonably request in order to establish the nature and extent of any employment by the Participant after the date of commencement of retirement benefits. In addition, at least once each year, a Participant will be required to certify, on a form acceptable to the Trustees, that he is entitled to the continued receipt of retirement benefits and to disclose all post-retirement employment. Any retirement benefits otherwise due shall be withheld pending receipt of an adequate response by the Participant to such request.

(3) A Participant whose retirement benefits have been suspended or reduced, in accordance with this Section, shall notify the Trustees, in writing, of the termination of his Proscribed Employment. Retirement benefits shall not resume until such notification is filed with the Trustees.

**F. Presumption.**

If the Trustees become aware that a Participant is employed in the same industry, in the same trade or craft, and in the same geographic area covered by the Plan for any month, it will be presumed, unless and until the Participant provides evidence to the contrary, that he was employed for a sufficient number of hours for that period for such employment to be Proscribed Employment.

**G. Request for Status Determination.**

A Participant may request, in writing, that the Trustees determine whether specific contemplated employment will be Proscribed Employment

within the meaning of this Section, and the Trustees will, within a reasonable time, provide the Participant with their determination. Any such request for a status determination will be considered in accordance with the Claims Procedure set forth in Article VII.

**H. Notice of Suspension or Reduction.**

(1) The Trustees shall inform a Participant of any suspension of retirement benefits, including Participants who have not retired and are working in Proscribed Employment as described in Section 7.B(4), by written notice, given by personal delivery or first class mail, during the first calendar month in which his retirement benefits are suspended. Such notice shall include a description of the specific reasons for the suspension of retirement benefits, a description of the provisions of this Section, a copy of this Section, a statement that the applicable regulations of the U.S. Department of Labor concerning suspension of benefits may be found in Section 2530.203-3 of the Code of Federal Regulations, a statement of the procedure for securing a review of the suspension of retirement benefits, a description of the procedures, and any necessary forms which must be submitted before retirement benefits will be resumed. If the Trustees intend to offset the amount of any retirement benefits pursuant to Paragraph J (2) below, the notice shall also include specific identification of the periods of Proscribed Employment, the suspendible amount of retirement benefits to be recovered by the Plan, and the manner in which the Trustees intend to offset the suspendible amount of retirement benefits. Such notice shall also advise the Participant of the election available under Paragraph D above.

(2) Notwithstanding paragraph (1) above, the notice may refer the Participant to the appropriate pages of the Summary Plan Description for information that would otherwise be contained in the notice, provided that essentially the same

information that would be provided in such notice is included in the Summary Plan Description and the Participant is advised how to obtain a copy of the Summary Plan Description, or the relevant pages thereof, and the Trustees will respond to any such request within thirty (30) days of their receipt of the request.

### **I. Review.**

A Participant shall be entitled to a review of the determination suspending his retirement benefits by written request filed with the Trustees within sixty (60) days of receiving the notice of suspension of benefits. Any request for review will be considered in accordance with the Claims Procedure set forth in Article VII.

### **J. Resumption of Retirement Benefits.**

(1) The retirement benefits of a Participant whose benefits have been suspended pursuant to this Section shall resume no later than the first day of the third calendar month following the last calendar month in which the Participant terminates his Proscribed Employment, provided that the Participant has complied with the notification requirements set forth in Paragraph E (3) above.

(2) If a Participant received retirement benefits to which he was not entitled in accordance with this Section, the Trustees may recover the amount of such payments by deducting the amount of any overpayments from the Participant's future monthly payments until such overpayment is fully recovered. If a Participant has attained Normal Retirement Age, the amount of such offset shall be limited to 100% of the amount due to the Participant for the first payment upon resumption of retirement benefits and 25% of the monthly retirement benefits thereafter, until all overpayments are fully recovered. If a Participant has elected to receive retirement benefits in the form of a Joint and Survivor Annuity and dies before the Plan has fully recovered any

overpayments, the benefits payable to the surviving spouse shall be offset until all overpayments are fully recovered.

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