SECTION V – HOW YOUR PENSION IS CALCULATED

A. Calculating a Pension for Credited Future Service
B. Calculating a Pension for Past Service
C. Calculating a Pension: Two Examples
D. Adjustments to Your Pension
E. Getting a Pension Estimate
F. Postponing Your Pension Start Date
G. Pension Protection Act: Rehabilitation Plan
SECTION V HOW YOUR PENSION IS CALCULATED

Your pension amount is calculated under a formula that takes into account your past service pay, your Regular Pay history, Credited Service and except when calculated in two pieces (see p. 31), the benefit rate in effect when your Covered Employment ends. The amount you receive may also be affected by your age when payments start (early payments may be reduced), your form of payment (that is, whether payments are to continue to be paid to another person after your death), Breaks in Service and other factors, such as court orders.

To calculate your unreduced pension amount, the following steps take place:

- **STEP 1:** Determine your Credited Future Service pension amount.
- **STEP 2:** Determine your Credited Past Service pension amount, if any.
- **STEP 3:** Add the amounts determined in STEP 1 and STEP 2.

SECTION V. A CALCULATING A PENSION FOR CREDITED FUTURE SERVICE

**WHAT IS CREDITED FUTURE SERVICE?**
You generally earn Credited Future Service for the period when you are working in Covered Employment and your employer is required to make contributions to the Fund on your behalf. See page 21 for more details.

The portion of your benefit based on Credited Future Service is calculated by the following formula:

\[
\text{Benefit Amount} = \text{Benefit Rate for Credited Future Service} \times \text{Average Final Pay} \times \text{Years of Credited Future Service}
\]

**BENEFIT RATE FOR CREDITED FUTURE SERVICE**

The Benefit Rate is a percentage used to calculate your pension. The rate used usually depends on when you last or first earned an Hour of Vesting or Credited Service in Covered Employment, as shown below.

If your first Hour of Credited Future Service was earned on or before July 31, 2009, the following rates apply:

<table>
<thead>
<tr>
<th>Date Last Hour of Credited Service Was Earned</th>
<th>Benefit Rate Percentage Is</th>
</tr>
</thead>
<tbody>
<tr>
<td>From April 1, 2005</td>
<td>1.85 (.0185)</td>
</tr>
<tr>
<td>From January 1, 1992, through March 31, 2005</td>
<td>1.76 (.0176)</td>
</tr>
<tr>
<td>From January 1, 1985, through December 31, 1991</td>
<td>1.60 (.0160)</td>
</tr>
<tr>
<td>From January 1, 1975, through December 31, 1984</td>
<td>1.45 (.0145)</td>
</tr>
</tbody>
</table>
If your first Hour of Credited Future Service under the Plan is accrued on or after August 1, 2009, the following provisions apply to you:

Except as provided below, your Benefit Rate is 1.60% of your Ten-Year Average Final Pay, multiplied by the number of years of Credited Future Service.

However, your Benefit Rate is 1.85% of your Average Final Pay, multiplied by the number of years of Credited Future Service if you were (i) covered by a collective bargaining agreement (“CBA”) which was executed prior to August 1, 2009, or (ii) a member of one of the bargaining units listed in Appendix A of the Plan, provided that you were a member of the bargaining unit as of August 1, 2009,

A CBA requiring that contributions be made under the Preferred Schedule (mentioned below in Section V.G) was in effect as of, and was executed on or before December 1, 2009, and

You were or are covered by the foregoing agreement as of your Applicable Effective Date (i.e., the date your employer became obligated to contribute to the Plan on behalf of your bargaining unit).

If your Covered Employment ends and you return to it later, different benefit rates may apply for your different periods of employment. (See “Benefit Calculation for Separate Periods of Service” on page 31 for more information.)

AVERAGE FINAL PAY
“Average Final Pay” means the average of your Regular Pay during the five consecutive Plan Years within your last 10 Plan Years of Credited Future Service in which your regular pay was highest. “Ten-Year Average Final Pay” means the average of your Regular Pay during your last 10 Plan Years of Credited Future Service. Regular pay does not include overtime, on-call pay, commissions, bonuses and gratuities and expense allowances for this purpose, but certain types of deferred income are included (such as your contributions to a 401(k) plan).

As you can see, the five consecutive years in which you earned the most were 2001 to 2005, because you did not work a full year in 2006. During 2001 to 2005, you earned a total of $166,119. This total is divided by five for an Average Final Pay of $33,223.80.

Any plan years when you did not earn Regular Pay will be skipped. For instance, in the example above, if you did not earn any Regular Pay in 2001, then that year would have been skipped and pay for the year 2000 would have instead been included in the calculation.

Note that if you work part-time after leaving a full-time position that may reduce your Average Pay calculation of your benefit, which will result in a reduction in your benefit. For example, if you work full time until 1990 and have an Average Final Pay of $25,000 at that date, and you then work part time for the next 10 years, your 1990 Average Final Pay calculation will not be used. Only the last 10 Plan Years count toward Average Final Pay. Therefore, your Average Final Pay may be lower than it would have been had you not worked part time for the last 10 years of covered employment.

EXAMPLE OF AVERAGE FINAL PAY CALCULATION
Suppose you Retire on February 1, 2006, and your Regular Pay over your last 10 years of Credited Future Service was as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Pay</th>
<th>Five-Consecutive-Year Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$2,600</td>
<td>$136,746 (2002-2006)</td>
</tr>
<tr>
<td>2001</td>
<td>$31,973</td>
<td>$147,438 (1997-2001)</td>
</tr>
<tr>
<td>2000</td>
<td>$31,158</td>
<td>NA</td>
</tr>
<tr>
<td>1999</td>
<td>$29,865</td>
<td>NA</td>
</tr>
<tr>
<td>1998</td>
<td>$28,060</td>
<td>NA</td>
</tr>
<tr>
<td>1997</td>
<td>$26,382</td>
<td>NA</td>
</tr>
</tbody>
</table>
SECTION V. B
CALCULATING A PENSION FOR PAST SERVICE

WHAT IS CREDITED PAST SERVICE?

Credited Past Service is provided for your work in certain job classifications with a Contributing Employer before the employer became obligated to contribute to the Plan for your bargaining unit. For more details, see pages 21-22.

The portion of your benefit (if any) based on Credited Past Service is calculated by the following formula:

\[
\text{Benefit}\text{ Rate}\text{ for}\text{ Past}\text{ Service}\times\text{Past}\text{ Service}\text{ Pay}\times\text{Years of}\text{ Credited}\text{ Past}\text{ Service}\times\text{EQUALS}\text{Past}\text{ Service}\text{ Pension}
\]

If the Fund Office is unable to obtain actual Regular Pay information from your Contributing Employer(s) to determine your annualized rate of base pay, the Fund will use standard industry tables approved by the Retirement Committee.

See page 49 for how to calculate a Future Service pension amount and page 51 for examples. You also may want to make your own personalized example by using the pension calculators on our website at www.1199SEIUBenefits.org.

BENEFIT RATE FOR CREDITED PAST SERVICE

The percentage used to determine the Credited Past Service portion of your pension is 1.5%.

• If you Retired on or after July 1, 1998, Past Service Pay is your annualized rate of base pay in effect on your Applicable Effective Date and discounted back to January 1, 1980, by uniform factors adopted by the Retirement Committee.

• If you Retired before July 1, 1998, Past Service Pay is your annualized rate of base pay in effect on your Applicable Effective Date and discounted back to January 1, 1970, by uniform factors adopted by the Retirement Committee.

• If you were a participant in the District 1199 Drug Pension Plan (“Prior Plan”) who became a participant in this Plan, Past Service Pay is your 1969 total pay on which employer contributions to the District 1199 Pension Fund were required.
SECTION V. C
CALCULATING A PENSION: TWO EXAMPLES

These two examples show how we would calculate a pension for two participants.

1. Diana became a Participant on her Applicable Effective Date in 1990, and worked for her employer for a total of 20 years (15 years of Credited Future Service and five years of Credited Past Service) before retiring in September 2005. For purposes of calculating her future service pension amount, her Average Final Pay was $31,485. For purposes of calculating her past service pension amount, her annualized rate of base pay on her Applicable Effective Date was $9,164, which, discounted back to 1980 equals $5,200.

<table>
<thead>
<tr>
<th>Step</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>STEP 1: Determine Future Service pension amount</td>
<td>$8,737 a year</td>
</tr>
<tr>
<td>STEP 2: Determine Past Service pension amount</td>
<td>$390 a year</td>
</tr>
<tr>
<td>STEP 3: Add STEP 1 and STEP 2</td>
<td>$9,127 a year, or $761 a month</td>
</tr>
</tbody>
</table>

NOTE: All amounts are rounded to the nearest dollar.

2. Assume Bill became a Participant on his Applicable Effective Date in 2010. As of that date, he had already worked 15 years for his employer and will continue to work for another 6 years, at which point he will attain age 62 and retire in 2016. He is not eligible for a Past Service Pension benefit because his Applicable Effective Date was after July 31, 2009, and, on that date, he was not a member of one of the bargaining units listed in Appendix B of the Plan. His Benefit Rate percentage for his Future Service pension amount is 1.60% because he was covered by a CBA that was executed after August 1, 2009, and his employer was making contributions on his behalf at the Preferred Rate. For purposes of calculating his Future Service pension

THE 144 FUND

If you were a participant in the 1199 Health Care Employees Pension Fund for the 144 Hospital Division (the “144 Fund”) on or before December 31, 2000, and became a participant in this Plan on January 1, 2001, when the 144 Fund merged into this Fund, the portion of your Normal Retirement Pension attributable to service before January 1, 2001, is equal to the Vested benefit you accrued under the terms of the plan of the 144 Fund before that date.

You will earn a Credited Past Service benefit if you are a member of a bargaining unit at the bargaining unit’s Applicable Effective Date and:

- Your Applicable Effective Date was on or before July 31, 2009, or
- Your Applicable Effective Date was or is after July 31, 2009, and you were a member of a bargaining unit included in Appendix B of the Plan as of July 31, 2009.

Different rules may apply if you previously participated in the District 1199 Drug Pension Plan. See page 23 and contact the Fund Office for more information.
amount, his Average Final Pay is $61,238. However, he has 15 years of Credited Past Service for vesting and eligibility purposes, and 6 years of Credited Future Service at the time of his retirement. So, Bill will earn a total of 21 Years of Vesting Service and 6 years of Credited Service. Bill is eligible for an unreduced pension starting at age 62, and he may be eligible for retiree health benefits from the 1199SEIU National Benefit Fund (because he is retiring after age 62 and has earned at least 20 years of Vesting Service). Please refer to the 1199SEIU National Benefit Fund Summary Plan Description for the terms and conditions governing retiree health benefits.

<table>
<thead>
<tr>
<th>Step</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>STEP 1: Determine Future Service pension amount</td>
<td>$1.60% (.0160) x $61,238 x 6 years = $5,879 a year</td>
</tr>
<tr>
<td>STEP 2: Determine Past Service pension amount</td>
<td>$0 a year</td>
</tr>
<tr>
<td>STEP 3: Add STEP 1 and STEP 2</td>
<td>$5,879 + $0 = $5,879 a year, or $490 a month</td>
</tr>
</tbody>
</table>

NOTE: All amounts are rounded to the nearest dollar.

SECTION V. D
ADJUSTMENTS TO YOUR PENSION

After your age 65 pension is calculated, the Plan may make adjustments depending on any of the following:

- Whether you are taking early retirement (see examples below)
- Whether you Retire after your normal retirement date (see “Postponing your Benefit Start Date” below)
- Which survivor option you choose, if you want a Beneficiary to receive your pension payments after you die (for more information, see “Choosing Your Pension Option,” page 64)
- Whether retirement payments need to be made to others, as directed by valid court orders known as Qualified Domestic Relations Orders (QDRO), which are explained in detail at page 91.
- Whether your pension benefit exceeds the maximum allowed under the law, or
- Any other adjustment authorized by the Trustees.

In addition, if you defaulted on a loan from the Pension Fund (see page 85), the balance due on your loan, including interest accrued to your date of Retirement, may be subtracted from your pension benefit. Similarly, if you received an overpayment from the Pension Fund, your pension benefit may be reduced until the Fund recoups the overpayment.

EARLY RETIREMENT PENSION

Suppose Diana is 58 when she retires. She has a choice:

- If she retires but postpones the start of her pension payments until she reaches age 65, she will receive the full $9,127 annually (as described on page 55). However, if she chooses this option she may not be eligible for 1199SEIU National Benefit Fund retiree health benefits. Please refer to the 1199SEIU National Benefit Fund Summary Plan Description for the terms and conditions governing retiree health benefits.
- If she starts receiving pension payments right away, her benefit will be reduced 0.5% for each month (6% for each full year) before she would have turned 65. Since she’s retiring exactly 84 months (seven years) early, her benefit will be calculated as follows:
**SECTION V. E**

**GETTING A PENSION ESTIMATE**

Before you Retire, you have the right to request an estimate of your pension once each year. The estimate will be based on your pay records and service credits available to the Fund as of that date. Your request is kept confidential and there is no charge for this service. However, please keep in mind that this is only an estimate. The amount of your actual pension may be significantly more or less depending on how long you continue to work, how much you earn and the accuracy of the information the Fund had when the estimate was calculated.

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**UNREDUCED 20-YEAR EARLY RETIREMENT PENSION**

In the example above, if Diana were age 62 when she Retired from Covered Employment and her employer was contributing at the Preferred Rate, she would have been entitled to an immediate unreduced pension because she had 20 years of Credited Service and/or Vesting Service at age 62. She would receive the full amount of $9,127 each year starting at age 62. Note that this unreduced 20-year Early Retirement Pension is only available if you retire directly from Covered Employment on or after age 62 and your employer is contributing at the Preferred Rate. For example, if you leave Covered Employment at age 60 with 20 years of Credited Service and wait to file your pension application on your 62nd birthday, you will only be eligible for a reduced pension, not an unreduced pension. Also, retiree health benefits from the 1199SEIU National Benefit Fund may not be available in that situation.

---

<table>
<thead>
<tr>
<th>Step</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>STEP 3: Determine age-65 pension amount</td>
<td>$8,737 + $390 = $9,127 a year</td>
</tr>
<tr>
<td>STEP 4: Determine reduction for early payment</td>
<td>0.5% x 84 months early = 42% reduction</td>
</tr>
<tr>
<td></td>
<td>42% x $8,897 = $3,833 reduction</td>
</tr>
<tr>
<td>STEP 5: Subtract STEP 2 from STEP 1</td>
<td>$9,127 – $3,833 = $5,294 a year, or $441 a month</td>
</tr>
</tbody>
</table>

**NOTE:** All amounts are rounded to the nearest dollar.

*If you Retire early and start your payments before age 65, you generally will get a smaller monthly pension amount. The monthly amount will be reduced to account for the longer period of time your pension is likely to be paid. However, there is one exception: If your last Hour of Vesting Service or Credited Service was on or after July 1, 1998, you may get an unreduced pension if you Retire from Covered Employment on or after age 62 and have earned at least 20 years of Credited Service and/or Vesting Service.*
SECTION V. F
POSTPONING YOUR PENSION START DATE

If you are Vested, have left Covered Employment, are not in Disqualifying Employment and first apply for your pension after you reach age 65, your pension amount will be actuarially increased. This is because your pension is starting later and is expected to be paid for a shorter period of time. However, your pension will not be actuarially increased for the period of time you remain in Disqualifying Employment (see “Employment after Retirement” on page 34.)

If you do not file a pension application at age 65, the Fund will presume that you are working in Disqualifying Employment, unless you provide proof to the Fund’s satisfaction that you were not working in Disqualifying Employment.

SECTION V. G
PENSION PROTECTION ACT: REHABILITATION PLAN

Under the Federal law, the Pension Protection Act of 2006 (the “PPA”), the Plan was certified by its actuary as being in “critical status” for the Plan years beginning on January 1, 2009, and January 1, 2010.

As required by the PPA, on June 26, 2009, the Board of Trustees adopted a Rehabilitation Plan, consisting of a Preferred Schedule and a Default Schedule (described in Appendix C of the Plan), that reflect changes in employer contributions, future benefit accruals and other areas. The earliest date the Default Schedule would have taken effect is June 1, 2011.

However, on March 31, 2011, the Plan’s actuaries certified that the Plan is considered Not Endangered, Seriously Endangered nor Critical, as those terms are defined in the PPA for the Plan year beginning January 1, 2011.

As a result of the Fund’s actuarial status for the Plan year beginning January 1, 2011, Appendix C of the Plan, which never went into effect, is not applicable to you.

PENSION PAYMENTS BASED ON ESTIMATES

If you receive pension benefits based on an estimate of your Average Final Pay and Credited Service rather than the actual amount, your pension will be adjusted, if necessary, when the Fund verifies the information. If your benefit is lower than what you should have been paid, the Fund will correct your benefit and send you the amount you are owed. If payments are found to have been too high, you (or your Beneficiary) must return the overpayment to the Fund. If you don’t, the Fund may reduce your pension payments.