

## **BEER INDUSTRY–LOCAL UNION NO. 744 PENSION FUND**

### **Notice of New Procedures for Payment of Individual Account Plan Benefits**

**Summary:** Every year as of December 31, the Individual Account Plan has an annual “Valuation,” in which participants’ accounts are credited with earnings (or losses) for the prior year, as well as other charges such as administrative costs. Although the Valuation is done as of December 31, it cannot be completed until after the Individual Account Plan’s auditors have completed their work, which is usually a few months into the new year. If a participant is eligible for payment of his/her Individual Account and applies before the Valuation has been completed, the Trustees are authorized to hold back a portion of the payout to protect the Fund in the event that the Individual Account Plan has negative earnings for the year. The percentage that is held back is called the “retention percentage.” The retention percentage is 10%, although the Trustees have authority to change this percentage in future years. The retention percentage rule has been added to the Plan as of January 1, 2009.

#### **Explanation:**

The Individual Account Plan is a defined contribution pension plan. When we use the term “Plan” in this notice, we mean only the Individual Account Plan and not the Defined Benefit Pension Plan. Each Plan participant has an Individual Account, into which a portion of the employer’s total contribution is paid. Those contributions are invested. The gains or losses from the Plan’s investments are shared among participants as of each December 31, which is the “Valuation Date.” As part of the annual Valuation, the Plan’s auditor determines the “investment yield” for the year. The investment yield is a percentage that shows how the value of the Individual Account Plan’s assets have increased or decreased in the year. A participant must have an Individual Account for the entire calendar year in order to share in the investment yield for that year.

Whether the Plan has a gain for the year or a loss for the year, the gain or loss is applied as of the Valuation Date. However, the investment yield, which determines the amount of the Plan’s gain or loss, is not known until the annual Valuation has been completed. Because this occurs a few months after the end of the calendar year, the actual value of a participant’s Individual Account as of the Valuation Date is not known until the Valuation has been completed. This also means that, if a participant withdraws the balance in his/her Individual Account after the Valuation Date but before the Valuation has been completed, the Plan is unable to pay the exact amount in the Individual Account because that amount is not known until after the Valuation has been completed.

In order to allow prompt benefit payments and to avoid making participants wait for the results of the annual Valuation, the Individual Account Plan allows the Trustees to establish a “retention percentage.” This percentage is presently 10% and is subject to future change by the Trustees. The retention percentage applies to accounts that are still held in the Plan as of every December 31 annual valuation, and which are paid out prior to completion of the annual Valuation. Please understand that the retention percentage is a temporary adjustment. Once the annual Valuation has been completed and the actual value of the Individual Accounts is known, the Plan will review all benefit payouts that were made and were subject to the retention percentage, and will promptly pay any adjustment needed to guarantee that a participant receives exactly what is in his or her account, adjusted for the Annual Valuation.

Please call the Pension Fund office if you have any questions regarding this notice.

SUMMARY OF MATERIAL MODIFICATIONS  
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