

IBEW LOCAL NO. 461 VARIABLE PENSION PLAN

Summary of Calculating Benefits and Annual Variable Adjustments

The Board of Trustees is pleased to present you this Summary that highlights benefits that you may earn under the terms of the new IBEW Local No. 461 Variable Pension Plan ("Plan"). The Plan is effective for hours you work starting as of June 1, 2022.

This Plan is considered a defined benefit pension plan, which means you earn a benefit each year based on a set formula. However, unlike a traditional pension plan, the value of your benefit under this Plan may increase or decrease each year depending on the Plan's average investment rate of return (during the prior 5 years) relative to the Plan's "Hurdle Rate" of 5.0%.

This Summary highlights the following:

- How you earn benefits under the Plan, and the amount of your benefit before any adjustments; and
- How the Plan annually adjusts your benefit based on the Plan's net investment returns.

Earning and Calculating your Benefit

You generally earn a benefit during each "Plan Year" (June 1, 2022 through December 31, 2022; then January 1 through December 31 for each year thereafter) in which you work at least 375 hours of employment that is covered under the Plan. The amount of your benefit for each such Plan Year is calculated as follows:

$$\text{(Employer Contributions made on your behalf) x (Plan's Accrual Rate of 1.25\%)}$$

For example, if your Employer is required to contribute \$4.00 per hour and you work 1,500 hours in a Plan Year (\$6,000 in contributions), for that Plan Year you would earn a benefit equal to \$75 per month (or \$6,000 x 1.25%) beginning when you attain Normal Retirement Age (65).

Annual Variable Adjustment to your Benefit

Benefits earned under the Plan are automatically adjusted each Plan Year, based on the Plan's average investment returns in the prior five Plan Years relative to the Plan's Hurdle Rate of 5.0%:

$$\frac{\text{1 + Plan's Average Investment Return for the preceding Five Plan Years}}{\text{1 + Hurdle Rate (1.05)}}$$

For example, assume that the Plan achieved a net average investment return of 7.25% over a 5-year period. The applicable annual adjustment rate equals 1.0214, calculated as follows:

$$(1 + 7.25\%, \text{ or } 1.0725) \div (1 + 5.00\%, \text{ or } 1.0500) = 1.0214$$

The portion of your benefit subject to the annual variable adjustment is your entire benefit earned as of the end of each Plan Year. The adjustment then is effective as the last day of the immediately following Plan Year (*see further examples on the next page*). This procedure is intended to allow sufficient time for the prior Plan Year's actual investment return to be determined, and to help reduce the potential for any retroactive corrections.

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EXAMPLE

The following example illustrates how Plan benefits each Plan Year are (i) initially calculated, and then (ii) adjusted based on the Plan's average net investment rate of return (during the prior 5 years) relative to the Plan's 5.00% Hurdle Rate. For simplicity purposes, the example assumes that:

- The Participant commences participating in the Plan on January 1, 2024;
- The Participant works 1,500 hours in each Plan Year;
- The Participant's Employer is required to contribute \$4.00 per hour to the Plan on their behalf (or \$6,000 in annual contributions); and
- The Participant earns a Plan benefit equal to \$75 per month in each Plan Year.

Further, the Participant in this example is assumed to elect a benefit at Normal Retirement Age (age 65) that is payable over their lifetime; the benefit would be further adjusted if the Participant elected any other another form of payment that is available under the Plan.

Plan Year (January – December)	Prior 5-Year Avg. Market Value Return	Annual Variable Adjustment Calculations
Year 1 (2024)		Accrued benefit at end of Year 1, which is not subject to adjustment until the end of Year 2 (December 31 of Year 2) = \$75.00
Year 2 (2025)	6.00%	Variable Adjustment = 1.0095 (1.06 ÷ 1.05) Benefit at end of Year 1, adjusted = 1.0095 x \$75 = \$75.71 Benefit earned in Year 2, not yet adjusted = \$75.00 Total accrued benefit at end of Year 2 = \$75.71 + \$75.00 = \$150.71
Year 3 (2026)	8.00%	Variable Adjustment = 1.0286 (1.08 ÷ 1.05) Benefit at end of Year 2, adjusted = 1.0286 x \$150.71 = \$155.02 Benefit earned in Year 3, not yet adjusted = \$75.00 Total accrued benefit at end of Year 3 = \$155.02 + \$75.00 = \$230.02
Year 4 (2027)	3.0%	Variable Adjustment = 0.9810 (1.03 ÷ 1.05) Benefit at end of Year 3, adjusted = 0.9810 x \$230.02 = \$225.64 Benefit earned in Year 4, not yet adjusted = \$75.00 Total accrued benefit at end of Year 4 = \$225.64 + \$75.00 = \$300.64
Year 5 (2028)	5.0%	Variable Adjustment = 1.000 (1.05 ÷ 1.05) Benefit at end of Year 4, adjusted = 1.0000 x \$300.64 = \$300.64 Benefit earned in Year 5, not yet adjusted = \$75.00 Total accrued benefit at end of Year 5 = \$300.64 + \$75.00 = \$375.64