
AUTOMOTIVE INDUSTRIES PENSION FUND

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TO ALL PARTICIPANTS:

As you previously have been notified, last year the Board of Trustees of the Automotive Industries Pension Plan adopted a rehabilitation plan, as required by law, to improve the funding of the Pension Plan. The rehabilitation plan includes a schedule of benefit reductions that apply to employees who were not retired as of April 27, 2008. Questions have arisen concerning the application of the schedules to these employees in certain situations. This is a notice of the clarifications of the rules adopted by the Board.

1. **ACTIVE EMPLOYEES IN 2008 WHO LATER INCUR A ONE-YEAR BREAK IN SERVICE BEFORE RETIRING.** A document entitled "Questions and Answers," transmitted to you in May 2008, described the effective dates of the schedule of benefit reductions required under the rehabilitation plan. For 2008, a vested employee who had a one-year break in service as of December 31, 2007, as defined by the Plan Document of the Pension Plan, and who did not earn a defined number of employer contributions in 2008, was deemed a "terminated vested" participant. For a terminated vested participant, the benefit reductions were effective for retirements on and after July 1, 2008.

In contrast, an employee who did not have a one-year break in service as of December 31, 2007 or who earned a defined number of employer contributions in 2008 was deemed an "active participant." For active participants the new schedule of benefits will apply for retirement effective dates on or after the earlier of (1) the effective date of a new collective bargaining agreement (also called a "contract") of the employee's last contributing employer or (2) 180 days after expiration of the collective bargaining agreement signed by the employee's last employer which was in effect on January 1, 2008.

This year the Board of Trustees has been called upon to determine the effective date of benefit reductions for employees who incur a one-year break in service on December 31, 2009 (that is, failed to complete at least either five months of covered service or 501 hours of service). The Board has decided that for an employee in this group, the benefit reductions will apply to retirement effective dates on or after January 1, 2010, even if the collective bargaining agreement of the employee's last employer which was in effect January 1, 2008, has not yet expired. This means that if you expect to incur a one-year break in service by December 31, 2009, you must submit an application on or before November 30, 2009, and retire effective on or before December 1, 2009, to avoid receiving the reduced benefits of the rehabilitation plan, even if your last contributing employer's collective bargaining agreement has not yet expired.

For one-year breaks in service in subsequent years, employees incurring a one-year break in service also will be subject to the reduced benefit schedule if they retire effective after December 31st of that year, even if their last contributing employer's collective bargaining agreement in effect on January 1, 2008 has not yet expired.

2. **ACTIVE EMPLOYEES AS OF 2008 WHO STOP WORKING AND DO NOT IMMEDIATELY RETIRE, BUT SUBSEQUENTLY RETIRE BEFORE INCURRING A ONE-YEAR BREAK IN SERVICE.** For this group, the Board of Trustees reconfirmed that the effective date of the benefit reductions would be the same as the effective date for the active employees of the last contributing employer of the employee before retirement.
3. **EMPLOYEES WHO RETIRE UNDER THE PRE-REHABILITATION PLAN, UNREDUCED SCHEDULE OF BENEFITS, REMAIN RETIRED FOR AT LEAST 90 CONSECUTIVE DAYS AND SUBSEQUENTLY RETURN TO WORK FOR A CONTRIBUTING EMPLOYER.** For this group, the Board reconfirmed that the old schedule of benefits will continue to apply to contributions earned before retirement. For benefits earned after returning to work, the effective date of benefit reductions will be the same as the effective date for active employees of the last contributing employer of the employee before the employee once again retires.
4. **NON-BARGAINING UNIT EMPLOYEES.** The law requires that, for purposes of determining the effective date of the new benefit schedules for plan participants who are not members of a bargaining unit maintained pursuant to collective bargaining, for whom contributions are made in this Plan pursuant to a pension agreement, the pension agreement is to be treated the same as a collective bargaining agreement which expired January 1, 2009. This means that the general effective date for this group of employees was July 1, 2009. The Board of Trustees clarified that if an active non-bargaining unit employee has contributions made on his or her behalf after July 1, 2009, pursuant to a pension agreement, but later works for one or more contributing employers before retirement, the effective date of the new benefit schedule will be the same as the effective date for active employees of the last contributing employer prior to retirement.
5. **RETURNING TO COVERED EMPLOYMENT AFTER AGE 65.** Before 2008, a retiree receiving benefit payments who returned to work in the industry before age 70 1/2 was subject to the suspension of benefit rules of the Plan. Effective July 1, 2008, the Board amended the Plan to expand the age exception, allowing retirees age 65 or over to return to industry work and not be subject to the rules concerning the suspension of retirement benefit payments. Because of ambiguity of the retirement laws concerning the permissibility of the 2008 amendment, the Board of Trustees has decided to rescind it. Work in the industry on and after September 1, 2009, by retirees receiving benefits who are not yet age 70 ½ will be subject to the rules of the Plan concerning the suspension of benefits.

If you have questions concerning the application of the rehabilitation plan rules, whether your return to work will subject your pension benefit payments to suspension or your pension benefits in general, please contact the Fund Office at the following address and telephone number: P.O. Box 23120, Oakland, CA 94623, 510-836-2484.