

Summary Plan Description

MEBA Pension Trust

November, 2000

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Introduction

If you have any questions about the Pension Trust, your participation in it, or this Handbook, please contact the Plan Office in Baltimore in writing.

The MEBA Pension Trust (the Pension Trust) helps you provide for your financial security throughout your retirement years. The Pension Trust provides a solid foundation upon which to build your future financial security.

The Pension Trust was first adopted on December 13, 1955 and has been amended from time to time over the years. The information that appears in this Handbook represents the Pension Trust as in effect at January 1, 2000.

If you last worked in employment covered by the Pension Trust before January 1, 2000, some of the provisions of the Pension Trust as explained in this Handbook might be different for you.

ABOUT THIS HANDBOOK

This Handbook is in a new format which is quite different from how your Summary Plan Description looked before. The old Summary Plan Description covered most of the minute details of your Pension Trust, which may have made it harder to read than you would have liked. This new Handbook covers only the major provisions of your Pension Trust, which should make it easier to read. Because of this, certain details that were in the old Summary Plan Description are omitted from this Handbook.

Please be assured that **NONE** of your pension benefits have been taken away just because they are not covered in this Handbook. All your pension benefits are still set forth in the actual Pension Regulations (which are reproduced at the back of this Handbook). It's just that in the interest of giving you an easier to read Handbook, not all of the details are covered.

Please understand that no general explanation can adequately provide all of the details of the Pension Trust. Therefore, this Handbook does not change or otherwise interpret the terms of the official Pension Trust documents, such as the Trust Agreement or the Pension Regulations. Your rights can be determined only by referring to these official documents, which are available for your inspection as described in the Administrative Information section of this Handbook. Please note that nobody other than the Board of Trustees has any authority to interpret the Pension Regulations (or other official Pension Trust documents) or to make any promises to you about your pension benefits. If you have any questions about your pension benefits, do not rely on anyone's oral advice, but write to the Plan Office and you will receive a written reply to your inquiry.

This Handbook itself does not override the Pension Regulations. Only the Pension Regulations (which are reproduced at the back of this Handbook) and the other official Pension Trust documents govern the operation of the Pension Trust and the benefits to which you may be entitled. This Handbook is supplied solely for the purpose of assisting you in comprehending the scope and meaning of the Pension Trust, not to replace or amend it.

How Service Is Credited

“Covered Employment” is employment with a participating Employer and vacation time for which you receive benefits from the MEBA Vacation Plan.

Please note that the Pension Trust has reciprocal agreements with other plans that may recognize certain other service for Pension and Vesting Credit purposes.

If any of the information contained in this Handbook is inconsistent with the official Pension Trust documents, the provisions of the official documents will govern in all cases. The Board of Trustees reserves the right to amend, modify or terminate the Pension Trust and the Pension Regulations (in whole or in part) at any time and from time to time.

Being Covered By the Pension Trust

A **“participating Employer”** is any Employer who is obligated under a collective bargaining agreement with the Union to make necessary contributions to the Pension Trust. The Union is also a participating Employer.

Who Is Eligible

You begin participation in the Pension Trust as soon as a participating Employer employs you in a position covered by a collective bargaining agreement with District No. 1-PCD, MEBA (the “Union”) that provides for participation in the Pension Trust.

There are no enrollment forms to complete.

Cost

Your Employer pays the full cost of the Pension Trust. You make no contributions.

Types of Credit

You receive credited service for two purposes. Years of *Pension Credit* are used to determine the amount of your pension benefit and when you can receive it. Years of *Vesting Credit* are used to determine whether you are vested in your pension benefit.

Credit for Military Service
 You may also receive Pension Credit for certain periods of time during which you are not in Covered Employment but were in military service.

How Pension Credit is Calculated

The amount of Pension Credit you get for Covered Employment varies depending on when the Employment occurred, since changes have been made to the Pension Trust over time. The rules that were in effect during a specific period generally apply to any Covered Employment during that period.

Covered Employment since January 1, 1990

You generally receive Pension Credit for Covered Employment since January 1, 1990 according to the following schedule:

DAYS OF COVERED EMPLOYMENT IN A CALENDAR YEAR	PENSION CREDIT
Less than 20	None
20-39	1/12
40-59	2/12
60-79	3/12
80-99	4/12
100-119	5/12
120-139	6/12
140-159	7/12
160-179	8/12
180-199	9/12
200-219	10/12
220-239	11/12
240 or more	12/12

Covered Employment before January 1, 1990

From 1972 through 1985 you generally received Pension Credit for your Covered Employment based on the following schedule:

DAYS OF COVERED EMPLOYMENT IN A CALENDAR YEAR	PENSION CREDIT
Less than 70	None
70-139	1/4
140-209	1/2
210-279	3/4
280 or more	1

Note: the above schedule applies to Licensed Radio Officers and former BMO members starting in 1982. For periods before 1982, their Pension Credit is determined under the rules of the pension plans that covered them before they became covered by the MEBA Pension Trust.

From 1986 through 1989, you generally received Pension Credit for your Covered Employment based on the following schedule:

DAYS OF COVERED EMPLOYMENT IN A CALENDAR YEAR	PENSION CREDIT
Less than 60	None
60-119	1/4
120-179	1/2
180-239	3/4
240 or more	1

You cannot receive Fill in the Gap Days for any year for which a break in service caused you to forfeit your Credit for that year.

Fill in the Gap Days

If you worked in Covered Employment during 1996 or on January 1, 1997, you are entitled to "Fill in the Gap Days" when determining the number of Pension Credits you earned before 1997. Only calendar years before 1997 in which you earned less than a full year of Pension Credit are eligible for the Fill in the Gap Days calculation. Calendar years after 1996 or years in which you earned a full year of Pension Credit are ineligible and ignored. Any days you worked in Covered Employment in each eligible year that exceed the number of days you needed to earn the partial Pension Credit you already earned in that year are added up and placed in your "credit bank". Then, beginning with your most recent eligible year, days are subtracted from your credit bank and applied to that year until you earn a full year of Pension Credit for that year. This process is then repeated for your next most recent eligible year, and so on for additional years, until your credit bank is exhausted. For the eligible year in which your credit bank is exhausted, you will receive as many partial Pension Credits as your bank can cover.

Covered Employment for Other Periods

The Pension Regulations at the back of this Handbook describe how Pension Credit is earned for other periods during which you may have worked in Covered Employment.

See page 12 for more information about Article II Pensions

Article II Pension

If your Covered Employment is with an Employer that was *not* obligated to make contributions for an Article II-A Pension, you'll receive an Article II Pension, and Pension Credit will be calculated using the following table:

DAYS OF COVERED EMPLOYMENT IN A CALENDAR YEAR	PENSION CREDIT
Less than 50	None
50-99	1/4
100-149	1/2
150-199	3/4
200 or more	1

"Normal Retirement Age" means age 65, or, if later, the fifth anniversary of the date you began participating in the Pension Trust (without a break in service).

A “**break in service**” means any calendar year during which you earn less than 63 Days of Service.

You may be allowed a grace period which will not count toward a Break in Service if your absence from Covered Employment is the result of a disability, hospitalization or employment on a ship operated by MSTs or any other governmental organization that recognizes or has a bargaining relationship with MEBA.

Vesting

You have to earn the right to receive a benefit from the Pension Trust; this is called “vesting.” In general, you will be vested in a benefit from the Pension Trust when you complete five years of Vesting Credit. (You will also be vested when you reach your Normal Retirement Age.)

Note: If you’re covered by a collective bargaining agreement and you last worked in Covered Employment before January 1, 1999, then you must complete 10 years of Vesting Credit in order to be vested in your pension benefit.

How Vesting Credit is Calculated

You earn one year of Vesting Credit for each calendar year in which you complete 125 Days of Service. Generally, a Day of Service means a day worked in Covered Employment. A Day of Service also includes non-working days for which you are paid by your participating Employer.

Break in Service

Once you become vested in your pension benefit from the Pension Trust, you can’t lose your years of Vesting and Pension Credit. However, if before you become vested, you incur five consecutive breaks in service, you generally will lose your prior years of Vesting and Pension Credit. From 1976 to 1988, you generally lost your prior years of Vesting and Pension Credit if, before you earned 10 years of Vesting Credit, you had a number of consecutive breaks in service which equaled or exceeded the years of Vesting Credit you had.

Different rules apply for breaks in service before 1976 (before 1982 for Licensed Radio Officers and former BMO members), which are explained in Section 3.11 of the Pension Regulations.

When You Can Retire

To “**retire**” you must do all of the following:

- Stop working in Covered Employment and in work aboard any vessel. If any of your Pension Credit was based on employment as a Port Engineer, Port Electrician, or Hull Inspector, you must completely stop working in all jobs that involve a Licensed Officer’s knowledge or expertise, including but not limited to, knowledge or expertise in construction, repair, operations or maintenance activities.
- Take all your accrued vacation; and
- Provide proof that you have withdrawn from Union membership and have deposited your “Z-Card” (seaman’s papers) with the Plan.

Other restrictions may apply to the payment of a Disability Pension. See the Disability Benefits sections of the Pension Regulations for more information.

“**Employee**” means a licensed officer, a port engineer, port electrician or hull inspector, and any other persons for whom Employers are obligated to make contributions to the Pension Trust.

Regular Pension

If you began participation in the Pension Trust before January 1, 1995, you may retire with a Regular Pension if you have 20 years of Pension Credit, regardless of your age.

Reduced Pension

If you have less than 20 years of Pension Credit, you may receive a Reduced Pension when you reach your Normal Retirement Age.

Early Retirement Pension

You may take Early Retirement when you reach age 60 if you have at least 15 years of Pension Credit.

Disability Pension

If you become disabled, you may retire and receive a Disability Pension if you have at least 10 years of Pension Credit. You will be considered disabled if in the opinion of the Trustees, medical evidence shows that you are *totally and permanently* unable, as the result of bodily injury or disease, to engage in any further employment as an Employee. If you are able to work in a job other than as an Employee, your Disability Pension will be suspended if you earn more than \$36,000 in a calendar year. If that happens, your Disability Pension will be suspended starting after that calendar year and will remain suspended until the end of the next calendar year in which you earn less than \$36,000.

How Your Pension Is Calculated

The following terms are important for the calculation of your Article II-A Pension.

Pay: There are two methods for determining the “pay” that’s used to calculate your Article II-A Pension:

- For Schedule A, “pay” means your average base monthly wages for any five consecutive calendar year period during the 10 years immediately before your retirement date that produces the highest Pension.
- For Schedule B, “pay” means your average base monthly wages for any three consecutive calendar year period that produces the highest Pension.

There are two levels of pension benefits payable from the Pension Trust. Most participants receive the Article II-A Pension benefit. However, a small number of participants work for Employers that only provide the Article II Pension benefit, which is described later. Participants who work both for Employers that provide the Article II-A Pension and for Employers that provide the Article II Pension will receive a pension benefit calculated on a prorated basis that takes all of their Pension Credit into account.

Article II-A Pensions

Regular Pension

The following schedules apply starting August 1, 1994. For all earlier periods, different schedules apply; see Appendix C of the Pension Regulations for more information.

If You Have Pension Credit since July 1, 1981. Effective August 1, 1994, if you have earned *at least four quarters* of Pension Credit between July 1, 1981 and June 30, 1990, *but you don’t have at least one day of Covered Employment since July 1, 1990*, the monthly amount of your Regular Pension is determined according to the following Schedule A.

SCHEDULE A	
COMPLETED YEARS OF PENSION CREDIT	YOUR BENEFIT IS THE GREATER OF:
20	\$396.44 or 40% of Pay
21	\$416.26 or 42-2/3% of Pay
22	\$436.08 or 45-1/3% of Pay
23	\$455.91 or 48% of Pay
24	\$475.73 or 50-2/3% of Pay
25	\$495.55 or 53 1/3% of Pay
26	\$521.20 or 56% of Pay
27	\$546.85 or 58-2/3% of Pay
28	\$572.51 or 61-1/3% of Pay
29	\$598.16 or 64% of Pay
30	\$623.81 or 66-2/3% of Pay
31 or more	An additional \$25.65 per month or 2-2/3% of Pay

Remember: Schedule A assumes “pay” is determined using the 5-year average method described in the left column.

Base Monthly Wages: For Covered Employment under a collective bargaining agreement, “base monthly wages” is defined in the collective bargaining agreement that applies to you. It includes your regular straight time pay, and usually includes things like additional compensation (e.g., for work on automated vessels, diesel vessels, and twin screw vessels), and the portion of converted overtime deemed straight time earnings. In addition, base monthly wages may include vacation benefits; night relief work; time-off allowances for chief engineers for performing work in port during overtime hours; and training allowances.

Base Monthly Wages do not include non-converted overtime, non-watch compensation (unless otherwise provided in the collective bargaining agreement), or war bonuses.

For Covered Employment *not* subject to a collective bargaining agreement, “base monthly wages” means the basic amount of salary or wages actually paid to you for that employment.

See your collective bargaining agreement or contact the Plan Office in Baltimore if you have any questions.

If You Have Pension Credit since July 1, 1990. If you have at least one day of Covered Employment since July 1, 1990, the monthly amount of your Regular Pension is calculated under both Schedule A and Schedule B. You may elect to receive your benefit under either Schedule. Pension benefits under Schedule A are eligible for cost of living adjustments as explained later; benefits under Schedule B are not eligible for the adjustments.

SCHEDULE B	
COMPLETED YEARS OF PENSION CREDIT	YOUR BENEFIT IS THE GREATER OF:
20	\$396.44 or 53-1/3% of Pay
21	\$416.26 or 56-8/9% of Pay
22	\$436.08 or 60-4/9% of Pay
23	\$455.91 or 64% of Pay
24	\$475.73 or 67-5/9% of Pay
25	\$495.55 or 71-1/9% of Pay
26	\$521.20 or 74-2/3% of Pay
27	\$546.85 or 78-2/9% of Pay
28	\$572.51 or 81-7/9% of Pay
29	\$598.16 or 85-1/3% of Pay
30	\$623.81 or 88-8/9% of Pay
31 or more	An additional \$25.65 per month or 3-5/9% of Pay

If you do not have a round number of years of Pension Credit, your pension amount will be prorated to take into account fractional credits.

Reduced Pension

If You Earned One Quarter of Pension Credit after June 16, 1978. Effective August 1, 1994, if you earned at least *one quarter* of Pension Credit after June 16, 1978, but you don’t have at least one day of Covered Employment since July 1, 1990, your Reduced Pension will be a monthly amount equal to the greater of:

- \$19.82 for each year of Pension Credit up to 20 years; or
- 2% of your pay for each year of Pension Credit up to 20 years.

The amount of your Reduced Pension depends on when you earned your Pension Credit. The information shown here applies if you earned Pension Credit after June 16, 1978. For all other periods, different rules apply; see the Pension Regulations for more information.

The amount of your Early Retirement Pension depends on when you earned your Pension Credit. The following information applies if you earned Pension Credit after June 16, 1978. For all other periods, different rules apply; see the Pension Regulations for more information.

See the Disability Pension section for more information about your Disability Pension.

If You Have at least One Day of Covered Employment since July 1, 1990. If you have at least one day of Covered Employment since July 1, 1990, your Reduced Pension will be a monthly amount using whichever of the following two Options you select:

- **Option One**, using the five-year pay computation method:
 - \$19.82 for each year of Pension Credit up to 20 years; or
 - 2% of your pay for each year of Pension Credit up to 20 years.
- **Option Two**, using the three-year pay computation method:
 - \$19.82 for each year of Pension Credit up to 20 years; or
 - 2-2/3% of your pay for each year of Pension Credit up to 20 years.

Pension benefits under Option One are eligible for cost of living adjustments as explained later; benefits under Option Two are not eligible for cost of living adjustments.

Early Retirement Pension

The monthly amount of your Early Retirement Pension is equal to:

- The monthly amount of the Reduced Pension you earned as of the date of your Early Retirement **reduced by**
- 0.5% for each full month by which you are younger than age 65 as of the date of your Early Retirement.

Disability Pension

If you have at least 10 but fewer than 20 years of Pension Credit when you become disabled, the amount of your Disability Pension is equal to the Reduced Pension for which you are eligible. If you have 20 or more years of Pension Credit when you become disabled, the amount of your Disability Pension is equal to your Regular Pension.

The Cost of Living Adjustment applies only to benefits calculated using Schedule A (for Regular Pensions) or Option One (for Reduced Pensions). If your benefit is calculated using Schedule B or Option Two, there is no Cost of Living Adjustment. See the Pension Regulations for further information on cost of living adjustments.

Cost Of Living Adjustment

If your benefit from the Pension Trust is calculated using Schedule A or Option One and you retired after 1975, your pension may be subject to cost of living adjustments. However, if you have earned income of \$18,000 or more during a calendar year, you will not be eligible for a cost of living adjustment during the following calendar year.

The amount of the cost of living adjustment for which you may be eligible is based on the Consumer Price Index (CPI) published by the Department of Labor.

Article II Pensions

Regular Pension

The Regular Pension is \$367.29 per month.

Reduced Pension

The Reduced Pension is \$18.36 per month for each year of Pension Credit up to 20 years.

Early Retirement Pension

Your Early Retirement Pension is equal to:

- The monthly amount of the Reduced Pension you earned as of the date of your Early Retirement **reduced by**
- 0.5% for each full month by which you are younger than age 65 as of the date of your Early Retirement.

Disability Pension

The Disability Pension is \$18.36 per month for each year of Pension Credit up to 20 years.

How Your Pension Can Be Paid

If you're single, under some circumstances, payments can continue following your death. See the Survivor Benefits section for more information.

If you're married and you want to receive a Single Life Annuity, a 50% Pop-up or a Lump-sum Distribution Option, you must obtain your spouse's written, notarized consent.

After you reach your earliest possible retirement date, you can begin receiving your pension at any time after you "retire" as explained above and submit a properly completed pension application.

Normal Forms of Payment

Your normal form of payment depends on your marital status when your pension payments begin:

- **If you're not married**, your normal form of payment is a Single Life Annuity. This form of payment provides monthly pension payments to you for your life. When you die, all payments stop.
- **If you're married**, your normal form of payment is a Qualified 50% Joint and Survivor Annuity. This form of payment provides monthly pension payments to you for your life and, upon your death, continues 50% of your monthly payment to your spouse for the remainder of his or her life. Your benefit is reduced since the benefit is paid over two lifetimes instead of one. Married participants who waive the Qualified 50% Joint and Survivor Annuity (with written spousal consent) also are eligible for the Single Life Annuity.

Optional Forms of Payment

You may be able to elect an optional form of payment. Each option is actuarially equivalent to the Single Life Annuity form of payment. If you're married and you want to receive the 50% Pop-up or the Lump Sum Distribution Option, you must obtain your spouse's written, notarized consent.

To elect an Optional Form of Payment, your election must be on file with the Plan for at least two years before your pension payments begin in order for it to be effective. Instead of waiting for this two-year period, you may submit a "Statement of Health" to the Trustees. Your election will not be effective unless and until the Trustees determine that the Statement of Health is acceptable.

The Optional Forms of Payment are:

- **50% “Pop-up” Annuity Option:** This form of payment works like the Qualified 50% Joint and Survivor Annuity, which is the normal form of payment for married participants. You’ll receive an actuarially reduced pension amount for your lifetime. If you die before your spouse, he or she will receive 50% of the amount you were receiving before your death; that amount will be payable to your spouse until his or her death. *However*, if your spouse dies before you, the amount you receive thereafter will “pop up” to the amount you would have received if your benefit had been payable as a Single Life Annuity; the adjusted amount will be payable to you until you die.
- **100% Regular Annuity Option:** This form of payment also works like the Qualified 50% Joint and Survivor Annuity; however, if you die before your spouse, he or she will receive 100% of the amount you were receiving before your death; that amount will be payable to your spouse until his or her death. If your spouse dies before you, however, the amount you receive will *not* change.
- **100% “Pop-up” Annuity Option:** This form of payment works like the 50% “Pop-up” Annuity Option described above. If you die before your spouse, he or she will receive 100% of the amount you were receiving before your death. However, if your spouse dies before you, the amount you receive thereafter will “pop up” to the amount you would have received if your benefit had been payable as a Single Life Annuity; the adjusted amount will be payable to you until you die.
- **Lump Sum Distribution Option:** If you’re at least age 50 (and you’re eligible for a Regular Pension), or if you have reached your Normal Retirement Age, you may receive your pension in a single Lump Sum. Your Lump Sum is an amount that’s actuarially equivalent to your pension payable as a Single Life Annuity. If you elect to receive a Lump Sum, your pension will be calculated under Schedule B or Option 2.

See the “Direct Rollover Election” section for more information about rolling over a Lump Sum distribution.

Money Purchase Benefit

If you work for an Employer that contributes to the Money Purchase Benefit portion of the Pension Trust, you also may be eligible for a Money Purchase Benefit ("MPB").

Contributions and Investment

MPB contributions on your behalf will be maintained in an MPB Account in your name. The Trustees hire professional investment managers to invest your MPB Account until you are vested. Once you are vested in your MPB Account, you can have your Account invested by the managers hired by the Trustees or you can choose to direct the investment yourself from among a group of mutual funds made available by the Trustees. You can make this choice annually. The Trustees may change the available investment options from time to time.

Vesting

You become vested in your MPB Account when you have five years of Vesting Credit. (You also become vested if you reach your Normal Retirement Age.)

If you have five consecutive breaks in service (as explained earlier) before you become vested in your MPB Account, you will lose your years of Vesting Credit and you will forfeit all the money in your MPB Account. (Different rules apply to breaks in service before 1986.)

Distribution of Your MPB Account Upon Retirement

If you don't choose to self-direct the investment of your MPB Account, the value of your Account will be determined as of the valuation date immediately before your retirement date, adjusted for any contributions received between the valuation date and your retirement date. If you self-direct the investment of your vested MPB Account, the value of your Account will be determined as of the distribution date.

Your MPB Account will normally be distributed to you in a Lump Sum. If you are married, however, you must obtain your spouse's consent to receive a Lump Sum. If you do not obtain your spouse's consent, your MPB Account will be used to purchase a joint and survivor annuity contract from an insurance company.

You may also elect to receive your MPB Account in 10 annual installment payments or to have it used to purchase a single life annuity contract from an insurance company. If you are married, your spouse must consent to either election.

If you elect to take your Regular Pension as a Lump Sum, you must take your MPB as a Lump Sum.

Survivor Benefits

Your “**surviving spouse**” is your spouse as of the effective date of your pension. That means, for example, that if you divorce after benefits begin and remarry before your death, your former spouse remains as your surviving spouse for pension purposes. This result can only be changed by a Qualified Domestic Relations Order.

Distribution of Your MPB Account Upon Your Death

If you die before your MPB Account has been distributed to you, your Account will be paid to your designated beneficiary. Contact the Plan Office to find out how to designate a beneficiary. If you are married, your beneficiary will automatically be your spouse, unless your spouse consents in writing to your naming a different beneficiary.

If you elected the 10 annual installment payments option, but did not receive all ten payments before your death, your beneficiary may elect to receive the remaining balance in annual installments or as a lump sum.

Your survivors may be eligible to receive benefits from the Pension Trust following your death. The amount and type of benefits your survivors may receive depends on your status at the time of your death, as described below.

If You're A Pensioner

If you die on or after the effective date of your pension, a monthly survivor benefit may be paid to your surviving spouse, your children or your parents. No survivor benefit is paid to anyone if you received a Lump Sum distribution.

If you were receiving the Qualified 50% Joint and Survivor Annuity, either Pop-up Annuity Option or the 100% Regular Annuity Option, your surviving spouse will receive the survivor benefit that is payable under that form for his or her lifetime.

Your children may receive a survivor benefit under the following circumstances:

- Your benefit is paid as a Single Life Annuity, you leave no surviving spouse, and you die before receiving 60 monthly payments from the Pension Trust; or
- Your benefit is paid as a Qualified 50% Joint and Survivor Annuity, either Pop-up Annuity Option or the 100% Regular Annuity Option, and both you and your surviving spouse die before together receiving 60 monthly payments from the Pension Trust.

Payments are made only to children (including adopted children) under age 21 and continue until the child reaches age 21 or gets married, whichever occurs first. Stepchildren under age 21 will receive payments only if they are members of your household and dependent on you for support. Payments will only be made until the total monthly payments to you, your spouse and your eligible children equal 60.

Your “**Earliest Retirement Age**” is the youngest age you would need to reach to begin receiving your Regular, Reduced or Early Retirement Pension based only on the Pension Credit you had earned at the time of your death. For example, if you had earned 17 Pension Credits at your death, your Earliest Retirement Age would be age 60, because that is when a participant with 17 Credits could begin receiving an Early Retirement Pension. Once you have 20 Pension Credits, you are at your Earliest Retirement Age regardless of how old you are, because you are already eligible for your Regular Pension.

Your parents may receive a survivor benefit under the following circumstances:

- Your benefit is paid as a Single Life Annuity, you leave no surviving spouse or children under age 21, and you die before receiving 60 monthly payments from the Pension Trust; or
- Your benefit is paid as a Qualified 50% Joint and Survivor Annuity, either Pop-up Annuity Option or the 100% Regular Annuity Option, both you and your surviving spouse die before together receiving 60 monthly payments from the Pension Trust, and you leave no surviving children under age 21.

Payments are made only to parents who are Dependents under the MEBA Medical and Benefits Plan. Payments will only be made until the total monthly payments to you, your spouse, and your parents equal 60.

Before You’re A Pensioner

If you die before the effective date of your pension and after you become vested, the benefit your survivors may receive depends on whether or not you have an election of an optional form of payment on file with the Plan for at least two years before your death and on when you reach your “Earliest Retirement Age”. Benefits are only payable to your surviving spouse if you were married for at least one year before your death.

No Election on File

If you do not have an election of an optional form of payment on file with the Plan for at least two years before your death, a benefit is payable to your eligible surviving spouse as follows:

- If you die after your Earliest Retirement Age, your spouse will receive the survivor portion of the Qualified 50% Joint and Survivor Annuity you would have received had you retired on the day before your death.
- If you die before your Earliest Retirement Age, your spouse will receive the survivor portion of the Qualified 50% Joint and Survivor Annuity you would have received had you stopped working on the day before your death, then lived to your Earliest Retirement Age and retired at that time. Payments begin in the month following the month in which you would have reached your Earliest Retirement Age.

Filing an election of an optional form of payment can increase the benefits for your survivors.

Election on File

If your election of a 100% Regular Annuity or 100% Pop-up Annuity Option was on file for at least two years before your death (or if you satisfied the Statement of Health requirement), a benefit is payable to your eligible surviving spouse as follows:

- If you die after your Earliest Retirement Age, your spouse will receive the survivor portion of the elected Optional benefit you would have received had you retired on the day before your death.
- If you die before your Earliest Retirement Age, your spouse will receive the survivor portion of the elected Optional benefit you would have received had you stopped working on the day before your death, then lived to your Earliest Retirement Age and retired at that time. Payments begin in the month following the month in which you would have reached your Earliest Retirement Age.

Lump Sum Election

If your election of a Lump Sum Distribution Option was on file with the Plan for at least two years before your death (or if you satisfied the Statement of Health requirement) and if you were eligible for a Lump Sum Distribution at your date of death, then instead of the 50% Joint and Survivor Annuity benefits described above, your surviving spouse may elect to receive the Lump Sum Distribution you would have been entitled to. If your spouse elects the Lump Sum, he or she also must take your Money Purchase Benefit (if any) as a lump sum.

Benefits Payable to Children or Parents

Children (including adopted children and stepchildren) under age 18 who are members of your household and dependent on you for support may receive a survivor benefit only if you do not have a surviving spouse who is entitled to a survivor benefit when you die and you reached your Earliest Retirement Age before your death. Parents who are Dependents under the MEBA Medical and Benefits Plan may receive a survivor benefit only if you do not have a surviving spouse who is entitled to a survivor benefit or eligible children under age 18 when you die and you reached your Earliest Retirement Age before your death.

Eligible children or dependent parents will receive 50% of the benefit you would have received as a Single Life Annuity payable beginning at your death. The benefit will be divided equally among your eligible surviving children or (if none) among your surviving dependent parents. Payments to children end on the date they reach age 18. Payments to parents end when they die.

Other Important Information

The portion of your Lump Sum distribution that's directly rolled over is exempt from mandatory 20% federal income tax withholding that otherwise would apply to your Lump Sum.

You may be subject to penalties if you work in the maritime industry after you retire.

The term "vessel" does not include a self-owned fishing or touring boat, which is less than 60 feet in length.

Direct Rollover Election

If you receive a Lump Sum, you may choose to have all or part of it directly rolled over into another qualified plan or to an Individual Retirement Account (IRA). Before a Lump Sum is paid, you'll receive more information about how to elect a direct rollover.

If you don't elect a direct rollover, the Pension Trust is required to withhold 20% of your Lump Sum distribution as federal income tax withholding.

For more information about the tax consequences related to distributions, you should seek advice from a financial advisor or accountant.

Return to Work After Retirement

YOU MAY WORK AFTER YOU RETIRE. HOWEVER, IF YOU ENGAGE IN "MARITIME EMPLOYMENT", YOU MAY BE SUBJECT TO PENALTIES. Set forth below is a general description of those penalties. For a detailed explanation, see Sections 2A.12, 2A.13 and 2A.14 of the Plan Regulations.

What constitutes "Maritime Employment" for you depends on the work you did before you retired.

1. If no part of your Pension Credit was based on employment as a Port Engineer, Port Electrician or Hull Inspector, then for you Maritime Employment only means work in Covered Employment or aboard any vessel.
2. If any part of your Pension Credit was based on employment as a Port Engineer, Port Electrician or Hull Inspector, then in addition to work in Covered Employment or aboard any vessel, Maritime Employment for you also includes work in any job that involves a Licensed Officer's knowledge or expertise, including knowledge or expertise in construction, repair, operations or maintenance activities. However, work that is not in Covered Employment or aboard a vessel will only be considered Maritime Employment if the work is performed during your "restricted period". Your restricted period begins on your effective date of pension and lasts for a number of days equal to the number of days for which you earned Pension Credit in employment as a port engineer, port electrician or hull inspector. (Work during the remainder of the month in which your restricted period ends is considered work performed during your restricted period.)

There are no penalties for work after retirement that is not in the maritime industry.

TYPES OF WORK

Non-Maritime Employment

You may engage in any job that is not Maritime Employment for you without penalty after you retire. That is, you may engage in non-Maritime Employment and collect your Pension while you are working. While you are working in non-Maritime Employment, you will continue to be eligible for whatever medical coverage is provided by the MEBA Medical and Benefits Plan, if you elected to participate in the MEBA Medical and Benefits Plan. However, if your employer provides you with medical insurance or if you are eligible to receive Medicare benefits, the MEBA Medical Plan will be your secondary (or tertiary) medical coverage.

Maritime Employment

If you engage in any job that is Maritime Employment for you, you may be penalized.

Work In Maritime Employment Without Penalty

You may work in Maritime Employment without any penalty, if a vessel cannot sail due to a shortage of personnel and all of the following conditions exist:

1. The Union and the Employer determine that a vessel cannot sail due to a shortage of personnel and a pensioner is the only Licensed Officer available; and
2. You notify the Trustees in writing and receive the permission of the Trustees prior to returning to work.

If the above conditions are fulfilled, you may work in Maritime Employment without any penalty. You will be permitted to work for a period not to exceed 90 days. However, the Trustees may grant an extension of the 90-day work period.

You may also work in Maritime Employment in a night relief position without any penalty if all of the following conditions exist:

1. The Union and the Employer determine that a night relief position cannot be filled due to a shortage of personnel and a pensioner is the only Licensed Officer available; and
2. You notify the Trustees in writing and receive the permission of the Trustees prior to returning to work.

If these conditions are satisfied, you may return to Maritime Employment in a night relief position for the period of time specified by the Trustees.

The Plan's Regulations also permit post-retirement work, without penalty, where such work is aboard a vessel, which is operated to train cadets who are pursuing a course of study leading to a U.S. Coast Guard License as a deck or engineering officer.

The penalties that may apply are different depending on the circumstances in which you return to work in the maritime industry.

Work In Maritime Employment With Penalties

You may work in Maritime Employment if there is a shortage of Licensed Officers caused by war or national emergency and you notify the Trustees in writing and receive the Trustees' permission prior to returning to such work. If these conditions exist, your Pension benefits will be suspended during the months in which you work at least one day. For pensioners who work in Maritime Employment after reaching age 65, Pension benefits will be suspended for a month only if you work at least five days during the month. Your Pension will resume as of the month following the month in which you stop working.

If you return to Maritime Employment during a personnel shortage and you do not notify the Trustees and receive the Trustees' permission to work, or if you work in Maritime Employment during periods other than periods of personnel shortages, you will incur the following penalties:

1. If you are receiving a monthly pension from the Plan, your Pension benefits will be suspended during the months you work at least one day. For Pensioners who work in Maritime Employment after reaching age 65, Pension benefits will be suspended for a month only if you work at least five days during the month; or
2. If you received your Pension in a Lump Sum Distribution, you will be required to pay back the Lump Sum Distribution to the Plan and you will not be eligible to receive a Lump Sum Distribution in the future. When you stop work again, your Pension will be paid to you as a monthly annuity.
3. If you return to work prior to Normal Retirement Age, your Pension benefits will be suspended for six additional months after you stop working, unless you apply to the Trustees for a waiver of this penalty because of extenuating circumstances, and the Trustees grant the waiver.
4. You will permanently lose all medical benefits for yourself and your dependents under the MEBA Medical and Benefits Plan. Your medical coverage will be terminated and will not be reinstated at a later date.

Whether or not penalties apply, you will not earn any additional pension benefits if you return to work after retirement.

Regardless of the conditions under which you return to Maritime Employment, you will not accrue additional Pension Credit while you are working.

THE DENIAL BY THE TRUSTEES OF PERMISSION TO RETURN TO EMPLOYMENT WITHOUT PENALTY DOES NOT PRECLUDE YOU FROM SEEKING REEMPLOYMENT IN ANY KIND OF MARITIME EMPLOYMENT. However, you will be subject to the penalties discussed above. All pensioners who return to Maritime Employment must promptly notify the Plan Office.

You have the right to request and obtain from the Plan your seaman's papers if the Plan has retained such papers. However, you should be aware that the return of your seaman's papers ("Z-Card") before they expire will be deemed to be a return to Covered Employment without the Trustees' permission and you will be subject to the penalties outlined above.

If you have a question about whether work in a particular job would result in a penalty to you, please write to the Plan Office before you engage in the work. Please send a job description from your prospective employer along with your letter and give us as much detail as you can regarding the job.

How to File Your Application for Pension

Branch Offices Accepting Pension Applications

You may apply for Pension benefits in person at one of the MEBA Branch Offices. The Branch Agent or Representative will help you complete all necessary forms and mail them along with all required documents to the Plan Office. You may also file your application in person or by mail directly with the Plan Office.

Certain Documents Must Accompany Pension Applications

You will be told what documentation you must supply with your application. Your Application is not complete until all necessary documentation is supplied.

Establishing Your Effective Date of Pension

The earliest effective date of Pension you may have is the first of the month following the month in which your completed Application for Pension benefits is received by the Plan Office or an MEBA Branch Office, provided you do not work in Covered Employment after that date. You may, of course, request a later effective date of Pension.

Once Your Application is Filed

After your Application for Pension benefits and required documents are received, the Plan Office will calculate your Pension benefit and advise you in writing of your Pension amount. If you agree with the calculation, your Application will be submitted to the Board of Trustees for approval. The Plan Office will then notify you of the Trustees' action.

When the above steps have been completed, the payment of your Pension benefit will begin. If you receive a monthly benefit, your first Pension check will be retroactive to your effective date of Pension.

If you or your beneficiary makes a false statement material to a claim for benefits, you or your beneficiary may be denied any or all benefits, and the Trustees can recover any payments made in reliance on the false statement.

If You Disagree With the Plan's Calculations

If you disagree with the calculation of your Pension amount, you should notify the Plan Office immediately in writing and submit whatever material you have in support of your claim to a different amount. The Plan Office will review your claim and advise you of their findings.

Pension and Disability Benefits

You may not receive Pension benefits from the Pension Trust and disability payments from the MEBA Medical and Benefits Plan for the same time period.

Pension and Vacation Benefits

You may not receive Pension benefits from the Pension Trust and vacation benefits for the same time period. All of your accrued vacation must be used before your effective date of Pension. For example, if your final vacation period ends on January 2nd, your effective date of Pension cannot be before February 1st.

If Your Application Is Denied

If your Application for Pension is denied or you disagree with the calculation of its amount, there are specific procedures to be followed if you (or your beneficiary) decide to file an appeal of the denial or the calculation. Please see the Administrative Information section of this Handbook for more information on appeal procedures.

Government Limits

The MEBA Pension Trust is intended to qualify under and satisfy all of the applicable requirements of the Internal Revenue Code (Code). Congress has set several limits that could reduce the amount of benefits you otherwise would be eligible to receive from the Pension Trust.

Maximum Retirement Benefit

Section 415 of the Code limits the amount of benefits you can earn under the Pension Trust. In general, the maximum annual defined benefit Pension (payable as a Single Life Annuity) that may be paid to you is the lesser of (1) 100% of your average total compensation during the three consecutive calendar years that produces the highest average or (2) a dollar limit that is adjusted periodically for inflation. The dollar limit in 2000 is \$135,000. The dollar limit is actuarially reduced if benefit payments begin before you attain age 62. For example, the defined benefit dollar limit in 2000 for a participant who retires at age 50 is \$57,178.

In addition, the maximum annual MPB that may be contributed on your behalf is the lesser of (1) 25% of your total compensation or (2) a dollar limit that is adjusted periodically for inflation. The dollar limit in 2000 is \$30,000.

When calculating your Pension benefits and applying the Section 415 limits under the Pension Trust, the maximum amount of your annual compensation that is taken into account cannot exceed a specified dollar amount that is adjusted periodically for inflation. The specified dollar amount in 2000 is \$170,000.

It may be that Section 415 will not affect your Pension benefits. Alternatively, Section 415 may not have an immediate impact on your Pension, but may affect your benefits sometime later in your career if you sail at higher ratings, earn higher wages or accrue additional Pension Credit. In any event, we urge you to write to the Plan Office if you have any questions regarding Section 415, or if you would like detailed information regarding Section 415 and its impact on your Pension benefits. You should also consult your accountant or tax advisor about planning your financial future, bearing in mind the provisions of Section 415.

Your Rights

Assignment of Benefits

Neither you nor your creditors can assign, transfer or attach your pension benefits or use them for collateral.

Qualified Domestic Relations Order

However, federal law allows assignment or attachment of your benefits from the Pension Trust under a Qualified Domestic Relations Order (QDRO). A QDRO is a court order, issued in connection with a divorce or family support proceeding, which orders the Pension Trust to pay your benefits to your spouse, former spouse, child or other dependent. The Pension Trust must obey these court orders.

You'll be notified if the Pension Trust receives a Qualified Domestic Relations Order that may affect your benefits.

Pension Benefit Guaranty Corporation

If the Pension Trust terminates, the Pension Benefit Guaranty Corporation (PBGC) insures benefits under the Pension Trust. In general, the PBGC guarantees most vested Normal Retirement benefits, Early Retirement benefits and certain disability and survivor pensions. However, the PBGC doesn't guarantee all types of benefits, and the amount of benefit protection is subject to certain limitations.

There's a maximum amount of monthly benefit that the PBGC guarantees, which is adjusted periodically. The PBGC guarantees vested benefits at the level in effect on the date of Pension Trust termination. However, if benefits have been increased within the five years before Pension Trust termination, the whole amount of the benefit increase may not be guaranteed.

For more information on the PBGC insurance protection and its limitations, ask the Plan Office or the PBGC. Inquiries to the PBGC should be addressed to:

Pension Benefit Guaranty Corporation
Office of Communications
2020 K Street, N.W.
Washington, D.C. 20006

The PBGC Office of Communications also may be reached by calling 202-254-4817.

In addition to PBGC protection, the Plan purchases insurance contracts to further protect your pension.

The information in this section of the Employee Benefits Handbook presents The MEBA Pension Trust. Additional information relating to Pension Trust and claims administration, Pension Trust costs, applying for benefits and your rights under the Employee Retirement Income Security Act (ERISA) are set forth in detail in the Administrative Information section of this Handbook.

Insured Benefits and Investments

As added protection to Plan participants in the event of Plan termination, the Plan has made arrangements with a number of major insurance companies to insure certain defined benefit Pensions of participants who have accumulated more than 20 years of Pension Credit. These insured benefits are calculated and updated periodically and funds are deposited with an insurance company which then invests the funds. Each participant who has more than 20 years of Pension Credit and for whom funds have been deposited will receive a certificate from the insurance company, which states the amount of annual benefit for which he is then guaranteed under existing law.

The Trustees invest Employer contributions made to the Pension Trust. All investments are subject to risk of loss, but the Trustees have sought to minimize this risk and have diversified the investments to provide protection for the assets of the Pension Trust.

Future of the Pension Trust

The Pension Trust, as described in this Handbook, may be amended, in whole or in part, or terminated by the Trustees of the Pension Trust at any time, including retroactively. No change or termination can ever take away any of the pension benefits you have already earned.

Discrepancies

Together with the Administrative Information section of this Handbook, this section constitutes the summary plan description of The MEBA Pension Trust. Terms and phrases used in this Handbook have the meanings given to them in the Pension Trust Regulations and the Agreement and Declaration of Trust. If there's any difference between the information contained in this Handbook and in these documents, the Regulations and the Agreement and Declaration of Trust as interpreted by the Board of Trustees will always govern. If there are changes in the law that require amendments to the Pension Trust Regulations that have not yet been formally adopted by the Board of Trustees, the Pension Trust Regulations will be interpreted by the Board of Trustees as including those changes in the law.