MEBA Benefit Plans
Safeguarding MEBA Members and Families

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IMPORTANT INFORMATION

MEBA PENSION PLAN – PENSION IMPROVEMENT

The Board of Trustees of the MEBA Pension Plan ("Plan") is pleased to announce that at their November meeting, the Trustees amended the Plan to make an improvement to the Plan's pension benefit formula, as described in the MEBA Plan Office 2.0 notice that was sent to you in December 2023. This pension improvement will affect participants who have benefit accruals both before 2012 and after 2011. The improvement is effective for participants who begin receiving their pension benefits on or after January 1, 2025. It will apply to participants who terminated covered employment before January 1, 2025 and to those who continue working after January 1, 2025, but will not apply to participants who began receiving their pension benefits before January 1, 2025.

You will receive a formal notice about this improvement in the coming months. In the meantime, we wanted to provide you with a brief explanation of the pension improvement.

Participants who begin receiving their pension on or after January 1, 2025, will now receive the greater of the following two formulas:

1. The pension calculated under the current formula, which is the participant's pre-2012 pension based on the formula and frozen pensionable wages before 2012, plus the post-2011 pension based on the formula and pensionable wages earned since 2012, with each portion calculated separately then added together; or

2. The pension calculated by applying the reduced post-2011 pension formula to all of a participant's pension years and pensionable wages, both pre-2012 and post-2011.

For example, let's say John has 10 years of service before 2012 with a high 3 years of pensionable wages as of January 1, 2012 of $110,000. John also has 10 years of service from 2012 going forward and has a high 5 years of pensionable wages of $160,000. John's pension would be calculated under both formulas as follows:

<u>Formula 1 (Current Plan)</u>
2.67% x $110,000 x 10 years = $29,370 (pre-2012 benefit)
plus
2.00% x $160,000 x 10 years = <u>$32,000</u> (post-2011 benefit)

Total = $61,370 (total pension)

<u>Formula 2</u>
2.00% x $160,000 x 20 years = $64,000 (total pension)

John's pension is higher under Formula 2, so John will receive the higher pension of $64,000. However, if Formula 1 produced a higher benefit, John would get that benefit.

Note that participants do not need to make an election between one formula or the other. The Plan Office will automatically calculate benefits under the two formulas and will pay the higher benefit.

We understand that you may have questions about how this improvement affects your pension. Please contact the Pension Department at the Plan Office if you have questions. We ask that you please be patient as we expect that the Pension Department will get a lot of questions from participants about the improvement. We will do our best to respond as quickly as possible.

Sincerely,

Patricia Kelly

Patricia Kelly
Executive Director