

**SUPPLEMENT
TO
IRON WORKERS INTERNATIONAL RECIPROCAL PENSION AGREEMENT
EXPLANATION BOOKLET**

In 1983 the International Association of Bridge, Structural and Ornamental Iron Workers sponsored new Iron Workers' International Reciprocal Pension and Health Agreements. They represented a bold new innovation in pension and health & welfare reciprocity which has been copied, if not in full, at least in concept, by a significant number of other International Unions.

When the Local Union Officers, lawyers and consultants drafted the 1983 document, it was acknowledged that the agreements required broad strokes with wide latitude for Pension and Health & Welfare Fund Trustee participation and interpretation. More importantly, it was anticipated that questions concerning more clarification would arise from time to time. At a meeting of the Iron Workers Administrators Roundtable, a series of issues were raised and responses were provided by the Iron Workers International's Consultant. Since similar questions have been asked fairly often, we thought it might be helpful to Trustees and Administrators in their deliberations to see the issues and responses discussed at that meeting.

While the following matters might assist Trustees in their deliberations, each Fund must be guided by its own rules and regulations, together with the advice of Legal Counsel. More importantly, it is the desire of the International Association that Iron Workers be protected under these Reciprocal Agreements.

**PLEASE KEEP THESE FOURTEEN (14) QUESTIONS AND ANSWERS WITH YOUR
IRON WORKERS INTERNATIONAL RECIPROCAL PENSION AGREEMENT EXPLA-
NATION BOOKLET.**

ISSUE #1 CERTIFICATION OF SERVICE

QUESTION

Must a Plan certify all past and future service credits even though it may not be liable to pay a benefit?

ANSWER

Pursuant to the Reciprocal Agreement, any pension fund which has signed the Agreement is deemed to be either a "Related and/or Cooperating Fund" regardless of its obligation to pay a benefit. Accordingly, Related Service Credits earned under a Related Fund must be taken into

consideration in determining breaks-in-service under Section 8 of Exhibit "A" (Pro-Rata). Again, we would note this is without consideration of a Related Fund's obligation to pay a future benefit.

ISSUE #2 PAST SERVICE

QUESTION

When is a Plan required to grant past service?

ANSWER

Except for determining whether a break-in-service has occurred, no Related Fund must recognize past service, i.e. service prior to a requirement for contributions for benefit accrual purposes if the Pro-Rata applicant is *not* entitled to the past service as a result of a Plan's enabling requirement. The granting of past service for purposes of benefit accrual is determined under the rules of each Plan.

ISSUE #3 BENEFIT ACCRUAL RATES

QUESTION

What rate of accrual should a related plan use in calculating a benefit payment?

ANSWER

The rate of accrual ascribed to a participant applying for a Pro-Rata Pension is up to the Trustees of each Related Fund. We recognize that some Funds grant current accrual rates and that others give only the rates in effect at the time the service is performed, however, the objective of the "Pro-Rata" Agreement is to provide pensions to Iron Workers who otherwise would not have been entitled to a pension.

*ISSUE #4 DEVELOPMENT OF THE BENEFIT TO BE PAID UNDER
A PRO-RATA PENSION*

QUESTION

After utilizing the formula for calculating a Pro-Rata benefit, can a Related Plan pay an amount that is more liberal?

ANSWER

There is nothing in the Agreement that would prohibit one Fund from paying a Pro-Rata Pension based upon their full accrual and a Participating Related Fund from paying a Pro-Rata Pension based upon the formula.

First, the Pro-Rata rules are viewed as minimum participation levels and standards for all participating Related Plans. To our knowledge, there is nothing that would prohibit a Related Fund's Trustees from adopting a rule within the Plan which would provide for a benefit greater than the minimum levels stipulated by the Pro-Rata Section of the Reciprocal Agreement. FOR

EXAMPLE: We have assisted Local 28 in Richmond to develop a slightly different method of calculating the reciprocal pension because their Plan design prohibited strict compliance with the Pro-Rata computations. The actual method employed results in close to full accrual, but the Pro-Rata pension applicant receives somewhat more than he might have received had the Fund been able to totally comply.

ISSUE #5 FORMULA

QUESTION

In some instances the calculation formula cannot be used, for instance, if a money purchase type plan is involved or a plan that allows the accrual of more than one credit per year. In these cases, how should the calculation be made?

ANSWER

In a money purchase type plan, the formula could be ignored by the Trustees of that Plan in favor of simply paying the accrued benefit if the Plan makes such a provision outside of the reciprocity/Pro-Rata rules adopted.

If a Fund grants more than one credit per year, these credits could be considered in Column C of the work sheet if they were earned under the Plan of that Fund, but it would not bind any other Fund to recognize more than one credit per year.

It was recognized that by ignoring service prior to 1955 some benefit calculations might be shortchanged. However, this matter was not addressed in 1983 as it was realized that time will eliminate the problem.

ISSUE #6 MINIMUM CREDIT

QUESTION

What is the definition of a minimum credit?

ANSWER

A minimum credit is by definition the least increment granted by a Related Fund. For example, if a Fund grants pension credits by quarters, then one quarter is the least or minimum increment. If a Fund grants pension credits by 1/10th, then one-tenth is the least or minimum increment, etc.

ISSUE #7 VESTING

QUESTION

How are we to determine a year of vesting? Any hours, total hours, or the rule of vesting in the Fund they are working in?

ANSWER

Years of vesting are dependent on the number of hours, days, etc., granted by a Related Plan

and it is recognized that no two might be alike. The agreement, pursuant to Section 7 of Exhibit "A", requires that other Funds' thresholds are to be recognized if a participant earns the pre-requisite number of hours, even if it is arbitrarily low. i.e. 1/10th or 1/12th.

ISSUE #8 SUSPENSION

QUESTION

Do you give a Pro-Rata Pension to someone who is actually retired but goes to work in another area?

ANSWER

If a participant is in receipt of a Pro-Rata pension and becomes re-employed in the jurisdiction of a Related Plan, his benefit may be suspended. If it is suspended, when the participant again chooses to retire, he can then choose to retire under the Pro-Rata Pension with the participation of any additional funds wherein he has earned the minimum credit.

If a participant is in receipt of a Pro-Rata or Single pension and becomes re-employed in the jurisdiction of a Related Plan, and his benefits are *not* suspended; when he again chooses to retire, his benefit would be limited to a benefit calculated among those funds who do not have him in pay status.

ISSUE #9 EFFECTIVE DATE

QUESTION

If a participant has earned related pension credits after a Plan becomes signatory to the 1/1/83 Reciprocal Agreement, then should all of that participants' service prior to 1983 and after 1983 be considered and certified by the Related Plans?

ANSWER

Yes, after a plan becomes signatory to the 1983 agreement, and a participant earns a minimum credit after the effective date for that plan, all of his service with that Related Plan must be considered. This would include service both before and after the Plan became signatory.

ISSUE #10 MONEY FOLLOWS-THE-MAN/RECIPROCAL AUTHORIZATION CARDS

QUESTION

Must a participant sign to have both Pension and Health hours and money transferred?

ANSWER

The transfer of Pension and Health Fund contributions are two independent events under the Money Follows-The-Man rule and cannot be limited since there are two separate Boards of Trustees even though the Trustees may actually be the same people on both Boards who signed two separate, non-linked agreements.

FOR EXAMPLE: An Ironworker might not sign the pension authorization card for Money-Follows-The-Man and then sign the Money-Follows-The-Man authorization card for medical benefits only, or vice versa, which ever is appropriate.

ISSUE #11 MONEY FOLLOWS-THE-MAN/RECIPROCAL AUTHORIZATION CARDS

QUESTION

Who must provide a reciprocal card to be signed?

ANSWER

This reciprocal card must be provided by the Fund in whose jurisdiction the participant is working, not the Home Fund. If a Fund has agreed to Money Follows-The-Man, Exhibit "B", the reciprocal cards must be signed to allow the transfer of these monies. The rationale for the signature is that only the participant can effectively waive his rights, not a Board of Trustees.

ISSUE #12 PRO-RATA EFFECTIVE DATE

QUESTION

What is the effective date of an Individual Pro-Rata Pension?

ANSWER

Pursuant to Section 13 of Exhibit "A" of the Pro-Rata Pension, the first date of an applicant's initial applications is to be honored by all Related Plans. This provision was included to specifically identify the pension application date although some Funds may have different waiting periods and therefore, different pension commencement dates.

ISSUE #13 PRO-RATA SECTION 9(d)

QUESTION

Can a participant claim two pensions from the same plan, one under the Pro-Rata basis, and another as a vested pension?

ANSWER

No, the language contained in Section 9(d) has been placed there to keep a participant from claiming two pensions from the same plan, one on a Pro-Rata basis and again as a vested or regular pensioner under the terms of the Plan.

Technically the Participant must waive his right to a stand-alone Pension in all reciprocating Plans even though the Participant may only be eligible for a stand-alone Pension in one of the reciprocating Funds. This provision serves as a protection for Fund Trustees.

The terminal fund should facilitate this requirement by obtaining the formal waiver form at the time the Pro-Rata is selected and circulate it to all related plans to eliminate delay in putting the Pro-Rata Participant into pay status.

ISSUE #14 PRE-RETIREMENT JOINT & SURVIVOR FOR SURVIVING SPOUSE

QUESTION

Does the Pro-Rata agreement require a plan to pay pre-retirement Joint and Survivor spousal benefits?

ANSWER

It is unclear whether the original drafters of the Pro-Rata Agreement intended to have the agreement apply to pre-retirement joint and survivor spousal benefits as the document was drafted prior to the Retirement Equity Act of 1984. Accordingly, any Plan that considers a Participant retired as of the day before his death on a pre-retirement basis might be required to pay a pre-retirement joint and survivor benefit pursuant to Section 13 of the Pro-Rata Agreement. Clearly medical benefits and lump-sum death benefits were not to be paid under the Pro-Rata whether or not they were pre or post retirement benefits, unless provided for separately under the Plan.

