

Automotive Machinists Pension Trust

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Administered by
Welfare & Pension Administration Service, Inc.

April 23, 2009

To: Participants, Beneficiaries, Contributing Employers and Bargaining Parties

From: Joint Board of Trustees of the Automotive Machinists Pension Trust

Re: Notice of Reduction in Benefits Effective July 1, 2009

We are writing to let you know about important changes to the Automotive Machinists Pension Trust (the "Plan") approved by the Board of Trustees at the April 7, 2009 and April 15, 2009 meetings. We have previously advised you that the Plan was greatly impacted by the significant downturn in the equity market that began last fall. The most recent actions taken include across-the-board reductions in future benefits as well as additional early retirement benefit reductions that were part of the "Rehabilitation Plan" submitted to the bargaining parties as required by federal law due to the plan's critical funding status.

Current Retirees

Retirees in pay status prior to April 1, 2009 will not have their current benefits in pay status reduced. **If you return to work and earn additional future service**, those additional benefits may be affected by some of the future benefit changes.

Reductions in future benefits

The Trustees are confident that the Trust is well positioned to take advantage of the eventual recovery of the financial markets. However, the Trustees have determined that it is prudent to make future benefit changes. These include:

- **A reduction in rate at which future service benefit is earned beginning July 1, 2009.**
The rate at which you earn a credited future service benefit for covered employment on and after July 1, 2009 will be reduced from 2.0% to 1.0% of employer contributions. **The benefit you earned through June 30, 2009 is not affected by this change.**
- **Less generous early retirement reduction factors apply to your future service benefit for covered hours on and after July 1, 2009**
- **Reduction in disability benefits for applications received after April 30, 2009**
- **Elimination of the lump sum return-of-contributions pre-retirement death benefit for deaths on or after July 1, 2009**

The changes are described in greater detail on the pages that follow.

Additional early retirement benefit reductions

On March 23, you were provided with a Notice indicating that the Plan's funded status was critical and as a result of that status, action might be taken to reduce "adjustable benefits."

At the April 15 Board meeting, the Board took action to reduce adjustable benefits in the form of early retirement factor reductions pertaining to benefits accrued before July 1, 2009. **If you are a grandfathered participant, these changes will not affect you; if you are not a grandfathered participant, these changes can be significant and may affect your retirement decision. Please carefully read the section entitled "Adjustable Benefit Reductions" to see how you may be affected if you are a non-grandfathered participant.**

You are a "grandfathered participant" if you either:

- **Earned at least 501 creditable hours in 2008 (including any reciprocal, contiguous non-covered and military service), submit an application for benefits on or before April 30, 2009, and begin payments by July 1, 2009, or**
- **Submitted an application for benefits on or before March 24, 2009.**

Future benefit changes

Changes to the Rate You Earn Credited Future Service Benefits

Your accrued benefit under the Plan is your credited past service benefit (if any), plus your credited future service benefit. Your credited future service benefit is based on the credited future service you earn each year while working for a contributing employer according to a schedule that varies depending upon whether you incur a break-in-service, as described on page 7 of the Summary Plan Description (SPD) and Section 502 of the Plan Document (pages 31-33 of the SPD). The benefit amount is a percentage of the employer contributions made to the Plan on your behalf.

If you did not have a break-in-service as of January 1, 2000, your credited future service benefit is determined as follows:

Table A

For all covered hours	Your future service benefit is determined by multiplying your employer's contributions by the following percentage...
1/1/2005 through 6/30/2009	2.0%
1/1/2004 and 12/31/2004	3.0%
Prior to 1/1/2004	5.35%

If you had a break-in-service of one year or more as of January 1, 2000, you should consult the SPD and plan document for your accrual rate for covered hours prior to the break.

Beginning July 1, 2009, your monthly future service benefit rate will be 1.0% of the employer contributions made on your behalf. In other words, on and after July 1, 2009 you'll earn \$1 per month in benefits for every \$100 in employer contributions made on your behalf. Under the formula in effect prior to this change, you earned \$2 per month in benefits for every \$100 in employer contributions. This is a 50% reduction in the rate at which you earn your future service benefit for credited future service on and after July 1, 2009.

Less Generous Early Retirement Factors Beginning July 1, 2009

Presently, the Plan provides two sets of early retirement reduction factors, depending on the age at which you choose to retire and whether you satisfy the Rule of 85 at that time.

Beginning with covered hours on July 1, 2009, your benefit – and any benefit your beneficiary receives – will be subject to early retirement reduction factors that are less generous than those currently in effect. These factors are reflected in Column 3 of Table B below.

As a result, if you earn benefits after June 30, 2009, early retirement benefits that you receive during your lifetime, and any survivor continuance paid to your spouse will be less than it would have been. As before, only participants who satisfy the Rule of 85 may start receiving benefits prior to age 55.

Table B

Early Retirement Factors			
If your age at retirement is	Column 1	Column 2	Column 3
	The Standard Early Retirement factor applied to your benefit prior to <u>7/1/2009</u> is:	If you satisfy the Rule of 85, the Early Retirement factor applied to your benefit prior to <u>7/1/2009</u> is:	Early Retirement factor on and after <u>7/1/2009</u> is:
65	100%	100%	100%
64	97%	100%	92%
63	94%	100%	84%
62	91%	100%	76%
61	88%	97%	68%
60	85%	93.6%	60%
59	79%	89.6%	55%
58	73%	85.6%	50%
57	67%	81.6%	45%
56	61%	76.6%	40%
55	55%	71.6%	35%
54	N/A	66.6%	30%
53	N/A	61.6%	25%
52	N/A	56.6%	20%
51	N/A	51.6%	15%
50	N/A	46.6%	10%

These percentages are based on whole ages. The actual percentage applied to your benefit will be based on your age in years and months at retirement.

Please note, the factors in column 1 and column 2 may be replaced by the factors in column 3 with respect to the benefits you have accrued as of June 30, 2009 unless you are a grandfathered participant. Please see the final section of this notice entitled “Adjustable Benefit Reductions” for more details. In any event, the benefits you receive for retirement at your normal or late retirement date are not affected by this change.

Disability benefits for applications received after April 30, 2009

Currently, the Plan provides that you will receive a subsidized benefit if become disabled prior to normal retirement age. The benefit is equal to 120% of the early retirement benefit to which you are entitled as of the date of your disability, subject to minimum and maximum benefit amounts set forth in the Plan (page 10 of your SPD).

The Plan will continue to pay benefits upon disability. However, if your application is received by the Administration Office after April 30, 2009 the disability benefit will be equal to your early retirement benefit as of your disability date determined in accordance with the reduction factors in Column 3 of Table B above, and further reduced using actuarial equivalent factors for disability ages prior to age 50.

If you apply for benefits prior to April 30, 2009 and are determined to be disabled and begin payment of your disability retirement benefit, you will receive the current disability benefits. Otherwise, you will receive the reduced disability benefits.

Pre-retirement death benefit changes

Until March 23, 2009, the plan paid a lump death benefit equal to the employer contributions made on your behalf to your beneficiary if you died prior to retirement. However, this benefit would only have been payable to your spouse if elected in lieu of the 50% pre-retirement survivor annuity (QPSA). Effective March 23, 2009, the plan is not permitted to pay this lump sum benefit while the plan's status remains critical. Effective July 1, 2009, this lump sum death benefit is eliminated. **The plan will continue to pay a pre-retirement survivor annuity (QPSA) to your spouse if you die before retiring.**

Adjustable Benefit Reductions

The Trustees have proposed to further reduce early retirement benefits for all non-grandfathered participants. If you are a grandfathered participant, you are not affected by this change. For non-grandfathered participants, this adjustable benefit change applies the less generous early retirement reduction factors in column 3 of Table B to **your entire benefit** – not just any benefit earned on and after July 1, 2009.

Federal law requires that the Trustees propose alternatives to the bargaining parties in order to improve the plan's funded status. The Trustees have developed two alternatives: the "Default Plan" and the "Rehabilitation Plan." The Default Plan applies if the bargaining parties do not adopt the Rehabilitation Plan. It is up to the bargaining parties to determine whether to adopt the Rehabilitation Plan or allow the Default Plan to take effect. There are no additional benefit changes under the Default Plan. The above early retirement reductions apply under the Rehabilitation Plan.

The next few paragraphs explain how and when the early retirement reduction changes will apply depending upon your situation if you are a non-grandfathered participant.

If you were credited with less than 501 hours of service (including any reciprocal, contiguous non-covered and military service) during 2008 you are not eligible to be a grandfathered participant. The above early retirement benefit reductions apply to benefit payments owed for months on and after July 1, 2009.

The table below describes how and when the column 3 factors would be applied to other non-grandfathered participants.

You are a "grandfathered participant" if you either:

- **Earned at least 501 creditable hours in 2008 (including any reciprocal, contiguous non-covered and military service), submit an application for benefits on or before April 30, 2009, and begin payments by July 1, 2009, or**
- **Submitted an application for benefits on or before March 24, 2009.**

If you were credited with 501 or more hours during 2008 (including any reciprocal, contiguous non-covered and military service), and	Then the Rehabilitation Plan Reductions apply to
You apply for retirement after April 30, 2009, and you retire <i>before</i> your employer and the union have determined whether to adopt the Rehabilitation Plan (generally, they must by the contract expiration date after April 23, 2009)	Benefit payments owed for months on or after July 1, 2009
You apply for retirement between March 25, 2009 and April 30, 2009 and retire <i>after</i> July 1, 2009 and <i>before</i> your employer and the union have determined whether to adopt the Rehabilitation Plan (generally, they must by the contract expiration date after April 23, 2009)	Benefit payments owed for months starting with your retirement date
You applied for retirement after April 30, 2009 and you retire <i>on or after</i> the date your employer and the union have determined whether to adopt the Rehabilitation Plan (generally, they must by the contract expiration date after April 23, 2009)	Benefit payments owed for months starting at your retirement date but only if the Rehabilitation plan is adopted by the bargaining parties
You apply for retirement between March 25, 2009 and April 30, 2009 and you retire <i>after</i> July 1, 2009 and <i>on or after</i> your employer and the union have determined whether to adopt the Rehabilitation Plan (generally, they must by the contract expiration date after April 23, 2009)	Benefit payments owed for months starting at your retirement date but only if the Rehabilitation plan is adopted by the bargaining parties

In any of these cases, your benefit will be reduced more substantially than under the current terms of the Plan. As a result of these early retirement changes, both the benefit that you receive during your lifetime and any survivor continuance paid to your spouse would be less than it would have been had you been eligible for and elected grandfather status. Similarly, if you are an alternate payee and your qualified domestic relations order (“QDRO”) provides that you share in any early retirement subsidy enjoyed by your spouse-participant, but the participant is not a grandfathered participant, your benefit would be determined in accordance with the factors in Column 3 of Table B.

Clarification of Social Security Adjustment Option Status

On March 23, 2009 you were informed that the Social Security Adjustment Option would not continue to be form of benefit choice. This was incorrect. You will still have the same annuity form benefit choices as before, including the Social Security Adjustment Option.

For More Information

Please refer to your summary plan description booklet for information about other Plan provisions. You and your spouse may also wish to consult a personal financial adviser to determine the specific impact on your retirement benefits.

In the meantime, the Administration Office will be happy to assist you if you have any questions about this notice or the changes it describes. You may reach the Administration Office at (206) 441-7574 or (800) 732-1121, option 2..

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