

MICHIGAN ELECTRICAL EMPLOYEES' PENSION FUND

June 2009

IMPORTANT NOTICE TO ALL PARTICIPANTS, RETIREES AND ALTERNATE PAYEES

The Pension Plan of the Michigan Electrical Employees' Pension Fund has, with the advice of the Fund's actuary and attorneys, been amended to reduce the rate of Future Service Benefit Credit accrual from the current 0.8% of Employer Contributions to 0.8% of **Credited** Employer Contributions for hours worked on and after June 1, 2009. The Plan will **not** credit any portion of the June 1, 2009 increase in Employer Contributions, **but will continue to credit** at the same rates in effect before June 1, 2009. See the example on the back of this Notice. A proportionate of reciprocated contributions for hours worked on and after June 1, 2009 will also be non-credited.

Your Future Service Benefit Credit, Years of Service and Vesting Years accrued for hours worked **before** June 1, 2009, will **not** be reduced or affected in any way by this Plan change.

The Trustees decided to reduce the rate of future benefit accruals after meeting with the Fund's professional advisors and reviewing the many factors, particularly the earnings on Fund investments and the decline of work in Michigan, which determine the level of benefits which can be promised and paid. Despite a significant decline in the market value of its investments, the Fund is financially sound. However, the professionals retained by the Fund have advised the Trustees that additional contributions, non-credited, and a reduction in the rate at which benefits are earned in the future is needed to ensure the continued financial health of the Plan after an unprecedented period of market declines. There is no quick fix for the funding problems caused by the downturn of work in Michigan or the turbulence in the financial markets over the last year, but we are committed to making sure that the Fund can pay all the benefits it has promised to you and your family and that it will grow in the future.

The Board of Trustees
Michigan Electrical Employees' Pension Fund

HOW YOUR BENEFITS ARE CALCULATED

If you were an Active Participant on January 1, 2009, and you retire or become Inactive after January 1, 2010, your monthly Normal Retirement Benefit under the Straight Life Benefit form will equal the total of:

- a) **0.8% of the total Credited Employer Contributions made or required to be made to the Fund on your behalf based on work you performed on and after June 1, 2009; and**
- b) **0.8% of the total Employer contributions made or required to be made to the Fund on your behalf based on work you performed on and after January 1, 2006 and before June 1, 2009; and**
- c) **2.0% of the total Employer contributions made or required to be made to the Fund on your behalf based on work you performed on and after January 1, 2003 and before January 1, 2006; and**
- d) **3.0% of the total Employer contributions made or required to be made to the Fund on your behalf based on work you performed on and after January 1, 2002 and before January 1, 2003; and**
- e) **3.6% of the total Employer contributions made or required to be made to the Fund on your behalf based on work you performed before January 1, 2002.**

EXAMPLE: You were an Active Participant on January 1, 2009, and had Employer contributions to the Fund of \$96,000.00 based on your work before January 1, 2002; \$7,920.65 in contributions for work in the 2002 Plan Year; \$19,150.70 in contributions for work in the 2003 - 2005 Plan Years; \$7,990.00 for work between January 1, 2006 and May 31, 2009; and \$2,108.94 for work on and after June 1, 2009, **\$1,912.00 of which was credited**, before you retire on November 1, 2010. Your monthly Straight Life Benefit amount payable at Normal Retirement Age will be calculated as follows:

\$ 96,000.00 multiplied by 3.6%	=	\$3,456.00
\$ 7,920.65 multiplied by 3.0%	=	\$ 237.62
\$ 19,150.70 multiplied by 2.0%	=	\$ 383.01
\$ 7,990.00 multiplied by 0.8%	=	\$ 63.92
\$ 1,912.00 multiplied by 0.8%	=	<u>\$ 15.30</u>
Total monthly Straight Life Benefit	=	\$4,155.85

Remember that if you are Inactive now and/or were Inactive once or more in the past, your benefit may be calculated at various Future Service Credit rates applicable under the Plan to different periods of participation. You should review the Summary Plan Description, Summary Annual Reports and your annual Benefit Estimate Statement and/or contact the Fund Office for information on how your benefit will be calculated.