WESTERN STATES OFFICE AND PROFESSIONAL EMPLOYEES PENSION FUND

SECOND SUSPENSION APPLICATION

Exhibit 4
Demonstration that Limits on Individual Suspensions Are Satisfied Pursuant to IRC Sections 432(e)(9)(D)(i) through (iii)

As required by Section 4.01 of Revenue Procedure 2016-27, the following examples are provided to illustrate how the proposed suspension effective June 1, 2018 satisfies the limitations on suspension. The proposed suspension does not affect a participant or beneficiary who is: (1) currently receiving less than 110% of the PBGC guarantee, (2) over age 80 as of the effective date, or (3) disabled under the Plan.

Example #2 illustrates the guarantee-based limitation under IRC §432(e)(9)(D)(i), Example #3 illustrates the disability-based limitation under IRC §432(e)(9)(D)(iii), and Example #4 illustrates the age-based limitation under IRC §432(e)(9)(D)(ii). We also provided an Example #1 that demonstrates the full proposed cut without limitation and Example #5 that demonstrates the age-based limitation for a participant at least age 80.

The Plan defines disability as the complete and continuous inability, resulting from sickness or injury, to engage in any and every gainful occupation for which a participant is reasonably qualified if such condition is expected to continue for a long and indefinite period. Prior to January 1, 2010, to be eligible for a disability benefit a participant must have worked at least 200 hours during the 12 months prior to disability and have at least five years of vesting credit. The monthly disability benefit was equal to the participant’s unreduced Total Service Benefit and was only paid until age 62, at which time the participant would become eligible for a Normal Retirement Benefit. The Plan also had an Alternate Disability Benefit for participants who did not work at least 200 hours in the 12 months prior to disability and were not yet age 55. This benefit was equal to a reduced Total Service Benefit and was paid until the participant recovered from disability or died.

The original Rehabilitation Plan eliminated the Alternate Disability Benefit and significantly reduced the Disability Benefit effective January 1, 2010. To be eligible for a disability benefit under the new rules a participant must work at least 200 hours during the 12 months prior to disability, become disabled prior to age 55 and have at least five years of vesting credit. The monthly disability benefit is equal to 50% of the participant’s Total Service Benefit and is only paid until age 55, at which time the participant may apply for an Early Retirement Benefit.
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Demonstration that Limits on Individual Suspensions Are Satisfied Pursuant to IRC Sections 432(e)(9)(D)(i) through (iii)

Example #1: Proposed benefit cut for pensioners and non-pensioners, no limitations apply

A. Date of Birth                      5/1/1953
B. Date of Retirement                5/1/2015
C. Effective Date of Suspension      6/1/2018
D. Age at Retirement Date            62 years 0 month
E. Age at Suspension Date            65 years 1 month
F. Accrued Monthly Benefit           $910.00
G. Credited Service                  14
H. Participant Status                 Retiree

Calculation of 110% of PBGC Guarantee

I. Yearly Accrual Rate for Monthly Benefit ( F / G )  $65.00
J. PBGC Guaranteed Accrual Rate        $35.75
   (100% x $11) + (75% x $33)
K. PBGC Guaranteed Benefit ( J x G )     $500.50
L. 110% of PBGC Guaranteed Benefit     $550.55

Calculation of Monthly Benefit under Proposed Suspension

M. Reduction Percentage                30%
N. Amount Cut                         $273.00
O. Proposed Monthly Benefit           $637.00
P. Does age-based limitation apply?   No
   (Participant over age 75 at Suspension Date)
Q. Does disability limitation apply?  No
   (Participant in disabled status, no reduction if disabled)
R. Does 110% PBGC limit apply?        No
   (Proposed Monthly Benefit less than 110% PBGC Benefit O<L)
S. Final Reduction Percentage         30%
T. Final Amount Cut                   $273.00
U. Final Benefit, reflecting proposed suspension and limits $637.00
**Exhibit 4**

**Demonstration that Limits on Individual Suspensions Are Satisfied**  
Pursuant to IRC Sections 432(e)(9)(D)(i) through (iii)

Example #2: Proposed benefit cut for pensioners and non-pensioners, 110% PBGC limit applies

| A. Date of Birth       | 2/1/1945     |
| B. Date of Retirement | 12/1/2006    |
| C. Effective Date of Suspension | 6/1/2018 |
| D. Age at Retirement Date | 61 years 10 months |
| E. Age at Suspension Date | 73 years 4 months |
| F. Accrued Monthly Benefit | $350.00 |
| G. Credited Service | 14        |
| H. Participant Status | Retiree    |

**Calculation of 110% of PBGC Guarantee**

| I. Yearly Accrual Rate for Monthly Benefit ( $F / G$ ) | $25.00 |
| J. PBGC Guaranteed Accrual Rate | $21.50 |
| (100% x $11) + (75% x $14) | |
| K. PBGC Guaranteed Benefit ( J x G ) | $301.00 |
| L. 110% of PBGC Guaranteed Benefit | $331.10 |

**Calculation of Monthly Benefit under Proposed Suspension**

| M. Reduction Percentage | 30%        |
| N. Amount Cut | $105.00  |
| O. Proposed Monthly Benefit | $245.00 |
| P. Does age-based limitation apply? | No |
| (Participant over age 75 at Suspension Date) | |
| Q. Does disability limitation apply? | No |
| (Participant in disabled status, no reduction if disabled) | |
| R. Does 110% PBGC limit apply? | Yes |
| (Proposed Monthly Benefit less than 110% PBGC Benefit O<L) | |
| S. Final Reduction Percentage | 5.4% |
| T. Final Amount Cut | $18.90 |
| U. Final Benefit, reflecting proposed suspension and limits | $331.10 |
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Demonstration that Limits on Individual Suspensions Are Satisfied Pursuant to IRC Sections 432(e)(9)(D)(i) through (iii)

Example #3: Proposed benefit cut for pensioners and non-pensioners, disability limit applies

A. Date of Birth 7/1/1969
B. Date of Retirement 4/1/2007
C. Effective Date of Suspension 6/1/2018
D. Age at Retirement Date 37 years 9 months
E. Age at Suspension Date 48 years 11 months
F. Accrued Monthly Benefit $640.00
G. Credited Service 8
H. Participant Status Disabled

Calculation of 110% of PBGC Guarantee

I. Yearly Accrual Rate for Monthly Benefit (F / G ) $80.00
J. PBGC Guaranteed Accrual Rate $35.75
   (100% x $11) + (75% x $33)
K. PBGC Guaranteed Benefit (J x G) $286.00
L. 110% of PBGC Guaranteed Benefit $314.60

Calculation of Monthly Benefit under Proposed Suspension

M. Reduction Percentage 30%
N. Amount Cut $192.00
O. Proposed Monthly Benefit $448.00
P. Does age-based limitation apply? No
(Participant over age 75 at Suspension Date)
Q. Does disability limitation apply? Yes
(Participant in disabled status, no reduction if disabled)
R. Does 110% PBGC limit apply? No
(Proposed Monthly Benefit less than 110% PBGC Benefit O<L)
S. Final Reduction Percentage 0%
T. Final Amount Cut $0.00
U. Final Benefit, reflecting proposed suspension and limits $640.00
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Demonstration that Limits on Individual Suspensions Are Satisfied Pursuant to IRC Sections 432(e)(9)(D)(i) through (iii)

Example #4: Proposed benefit cut for pensioners and non-pensioners, age-based limitation applies

A. Date of Birth: 3/1/1940
B. Date of Retirement: 9/1/2001
C. Effective Date of Suspension: 6/1/2018
D. Age at Retirement Date: 61 years 6 months
E. Age at Suspension Date: 78 years 3 months
F. Accrued Monthly Benefit: $2,490.00
G. Credited Service: 36
H. Participant Status: Retiree

Calculation of 110% of PBGC Guarantee

I. Yearly Accrual Rate for Monthly Benefit \( \left( \frac{F}{G} \right) \) $69.17
J. PBGC Guaranteed Accrual Rate $35.75
   \[ \left( 100\% \times 11 \right) + \left( 75\% \times 33 \right) \]
K. PBGC Guaranteed Benefit \( \left( J \times G \right) \) $1,287.00
L. 110% of PBGC Guaranteed Benefit $1,415.70

Calculation of Monthly Benefit under Proposed Suspension

M. Reduction Percentage: 30%
N. Amount Cut: $747.00
O. Proposed Monthly Benefit: $1,743.00
P. Does age-based limitation apply? Yes
   \( \text{(Participant over age 75 at Suspension Date)} \)
Q. Does disability limitation apply? No
   \( \text{(Participant in disabled status, no reduction if disabled)} \)
R. Does 110% PBGC limit apply? No
   \( \text{(Proposed Monthly Benefit less than 110% PBGC Benefit O<L)} \)
S. Months between Suspension Date and Date Participant turns 80: 21 months
T. Applicable percentage of cut \( \left( \text{prorated by number of months} \left( \frac{T}{60} \right) \right) \) 35.0%
U. Final Reduction Percentage \( \left( M \times T \right) \) 10.5%
V. Final Amount Cut: $261.45
W. Final Benefit, reflecting proposed suspension and limits: $2,228.55
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Demonstration that Limits on Individual Suspensions Are Satisfied Pursuant to IRC Sections 432(e)(9)(D)(i) through (iii)

Example #5: Not suspended due to age over 80

A. Date of Birth  
B. Date of Retirement  
C. Effective Date of Suspension  
D. Age at Retirement Date  
E. Age at Suspension Date  
F. Accrued Monthly Benefit  
G. Credited Service  
H. Participant Status

Calculation of 110% of PBGC Guarantee

I. Yearly Accrual Rate for Monthly Benefit  
J. PBGC Guaranteed Accrual Rate  
K. PBGC Guaranteed Benefit  
L. 110% of PBGC Guaranteed Benefit

Calculation of Monthly Benefit under Proposed Suspension

M. Reduction Percentage  
N. Amount Cut  
O. Proposed Monthly Benefit  
P. Does age-based limitation apply?  
Q. Does disability limitation apply?  
R. Does 110% PBGC limit apply?  
S. Months between Suspension Date and Date Participant turns 80  
T. Applicable percentage of cut  
U. Final Reduction Percentage  
V. Final Amount Cut  
W. Final Benefit, reflecting proposed suspension and limits

1/12/1935  
2/1/1997  
6/1/2018  
62 years 0 months  
83 years 4 months  
$833.00  
17  
Retiree  
$49.00  
$35.75  
$607.75  
$668.53  
30%  
$249.90  
$583.10  
Yes  
No  
No  
0 months  
0%  
0%  
$0.00  
$833.00