

**WESTERN STATES OFFICE AND  
PROFESSIONAL EMPLOYEES PENSION FUND  
THIRD SUSPENSION APPLICATION**

**Exhibit 4**

# Western States Office and Professional Employees Pension Fund

## 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 2017-43, the following examples are provided to illustrate how the proposed suspension effective October 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.

Examples #1 through #3 illustrate the guarantee-based limitation under IRC §432(e)(9)(D)(i), Examples #4 through #6 illustrate the disability-based limitation under IRC §432(e)(9)(D)(iii), and Examples #7 through #9 illustrate the age-based limitation under IRC §432(e)(9)(D)(ii).

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 pensioner, 110% PBGC limit applies

A. Date of Birth	9/28/1955
B. Date of Retirement	11/1/2010
C. Effective Date of Suspension	10/1/2018
D. Age at Retirement Date	55 years 1 month
E. Age at End of Month Containing Suspension Date	63 years 1 month
F. Monthly Benefit in Pay Status	\$600.00
G. Credited Service	11
H. Participant Status & Form of Benefit	Retiree, 50% J&S

#### Calculation of 110% of PBGC Guarantee

I. Yearly Accrual Rate for Monthly Benefit (F / G)	\$54.55
J. PBGC Guaranteed Accrual Rate (100% x \$11) + (75% x \$33)	\$35.75
K. PBGC Guaranteed Benefit (J x G)	\$393.25
L. 110% of PBGC Guaranteed Benefit	\$432.58
M. Amount Cut under PBGC Guaranteed Limit (F - L)	\$167.42

#### Calculation of Monthly Benefit under Proposed Suspension

N. Reduction Percentage	30%
O. Amount Cut	\$180.00
P. Proposed Monthly Benefit	\$420.00
Q. Maximum Suspendible Benefit	\$167.42
R. Does age-based limitation apply? (Participant over age 75 at Suspension Date)	No
S. Does disability limitation apply? (Participant in disabled status, no reduction if disabled)	No
T. Does 110% PBGC limit apply? (Proposed Monthly Benefit less than 110% PBGC Benefit P<L)	Yes
U. Final Reduction Percentage	27.9%
V. Final Amount Cut	\$167.42
W. Final Benefit, reflecting proposed suspension and limits	\$432.58

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### 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 contingent beneficiary of pensioner, 110% PBGC limit applies

A. Date of Birth	4/1/1961
B. Retiree's Date of Retirement	11/1/2010
C. Effective Date of Suspension	10/1/2018
D. Age at Retiree's Retirement Date	49 years 7 months
E. Retiree's Age at End of Month Containing Suspension Date	63 years 1 month
F. Survivor's Monthly Benefit	\$300.00
G. Retiree's Credited Service	11
H. Participant Status	Beneficiary

#### **Calculation of 110% of PBGC Guarantee**

I. Yearly Accrual Rate for Monthly Benefit (F / G)	\$27.27
J. PBGC Guaranteed Accrual Rate (100% x \$11) + (75% x \$14)	\$23.20
K. PBGC Guaranteed Benefit (J x G)	\$255.20
L. 110% of PBGC Guaranteed Benefit	\$280.72
M. Amount Cut under PBGC Guaranteed Limit (F - L)	\$19.28

#### **Calculation of Monthly Benefit under Proposed Suspension**

N. Reduction Percentage	30%
O. Amount Cut	\$90.00
P. Proposed Monthly Benefit	\$210.00
Q. Maximum Suspensible Benefit	\$19.28
R. Does age-based limitation apply? (Participant over age 75 at Suspension Date)	No
S. Does disability limitation apply? (Participant in disabled status, no reduction if disabled)	No
T. Does 110% PBGC limit apply? (Proposed Monthly Benefit less than 110% PBGC Benefit P<L)	Yes
U. Final Reduction Percentage	6.4%
V. Final Amount Cut	\$19.28
W. Final Benefit, reflecting proposed suspension and limits	\$280.72

# Western States Office and Professional Employees Pension Fund

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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 future retiree, 110% PBGC limit applies

A. Date of Birth	9/4/1953
B. Date of Retirement	N/A
C. Effective Date of Suspension	10/1/2018
D. Age at Retirement Date	N/A
E. Age at End of Month Containing Suspension Date	65 years 1 month
F. Accrued Monthly Benefit	\$1,155.00
G. Credited Service	27
H. Participant Status	Terminated Vested

#### Calculation of 110% of PBGC Guarantee

I. Yearly Accrual Rate for Monthly Benefit (F / G)	\$42.78
J. PBGC Guaranteed Accrual Rate (100% x \$11) + (75% x \$14)	\$34.83
K. PBGC Guaranteed Benefit (J x G)	\$940.41
L. 110% of PBGC Guaranteed Benefit	\$1,034.45
M. Amount Cut under PBGC Guaranteed Limit (F - L)	\$120.55

#### Calculation of Monthly Benefit under Proposed Suspension

N. Reduction Percentage	30%
O. Amount Cut	\$346.50
P. Proposed Monthly Benefit	\$808.50
Q. Maximum Suspendible Benefit	\$120.55
R. Does age-based limitation apply? (Participant over age 75 at Suspension Date)	No
S. Does disability limitation apply? (Participant in disabled status, no reduction if disabled)	No
T. Does 110% PBGC limit apply? (Proposed Monthly Benefit less than 110% PBGC Benefit P<L)	Yes
U. Final Reduction Percentage	10.4%
V. Final Amount Cut	\$120.55
W. Final Benefit, reflecting proposed suspension and limits	\$1,034.45

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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, disability limit applies

A. Date of Birth	7/1/1969
B. Date of Retirement	4/1/2007
C. Effective Date of Suspension	10/1/2018
D. Age at Retirement Date	37 years 9 months
E. Age at End of Month Containing Suspension Date	49 years 3 months
F. Monthly Benefit in Pay Status	\$640.00
G. Credited Service	8
H. Participant Status & Form of Benefit	Disabled, 50% J&S

#### Calculation of 110% of PBGC Guarantee

I. Yearly Accrual Rate for Monthly Benefit (F / G)	\$80.00
J. PBGC Guaranteed Accrual Rate (100% x \$11) + (75% x \$33)	\$35.75
K. PBGC Guaranteed Benefit (J x G)	\$286.00
L. 110% of PBGC Guaranteed Benefit	\$314.60
M. Amount Cut under PBGC Guaranteed Limit (F - L)	\$325.40

#### Calculation of Monthly Benefit under Proposed Suspension

N. Reduction Percentage	30%
O. Amount Cut	\$192.00
P. Proposed Monthly Benefit	\$448.00
Q. Maximum Suspendible Benefit	\$0.00
R. Does age-based limitation apply? (Participant over age 75 at Suspension Date)	No
S. Does disability limitation apply? (Participant in disabled status, no reduction if disabled)	Yes
T. Does 110% PBGC limit apply? (Proposed Monthly Benefit less than 110% PBGC Benefit P<L)	No
U. Final Reduction Percentage	0%
V. Final Amount Cut	\$0.00
W. 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 #5: Proposed benefit cut for contingent beneficiary of pensioner, disability limit applies

A. Date of Birth	5/15/1966
B. Retiree's Date of Retirement	4/1/2007
C. Effective Date of Suspension	10/1/2018
D. Age at Retiree's Retirement Date	40 years 10 months
E. Retiree's Age at End of Month Containing Suspension Date	49 years 3 months
F. Survivor's Monthly Benefit	\$320.00
G. Retiree's Credited Service	8
H. Participant Status	Beneficiary

#### Calculation of 110% of PBGC Guarantee

I. Yearly Accrual Rate for Monthly Benefit (F / G)	\$40.00
J. PBGC Guaranteed Accrual Rate (100% x \$11) + (75% x \$33)	\$32.75
K. PBGC Guaranteed Benefit (J x G)	\$262.00
L. 110% of PBGC Guaranteed Benefit	\$288.20
M. Amount Cut under PBGC Guaranteed Limit (F - L)	\$31.80

#### Calculation of Monthly Benefit under Proposed Suspension

N. Reduction Percentage	30%
O. Amount Cut	\$96.00
P. Proposed Monthly Benefit	\$224.00
Q. Maximum Suspendible Benefit	\$0.00
R. Does age-based limitation apply? (Participant over age 75 at Suspension Date)	No
S. Does disability limitation apply? (Participant in disabled status, no reduction if disabled)	Yes
T. Does 110% PBGC limit apply? (Proposed Monthly Benefit less than 110% PBGC Benefit P<L)	No
U. Final Reduction Percentage	0%
V. Final Amount Cut	\$0.00
W. Final Benefit, reflecting proposed suspension and limits	\$320.00

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

Example #6: Proposed benefit cut for future retiree, disability limit applies

A. Date of Birth	10/21/1970
B. Date of Retirement	N/A
C. Effective Date of Suspension	10/1/2018
D. Age at Retirement Date	N/A
E. Age at End of Month Containing Suspension Date	48 years 0 months
F. Accrued Monthly Benefit	\$2,265.00
G. Credited Service	24
H. Participant Status	Terminated Vested

#### Calculation of 110% of PBGC Guarantee

I. Yearly Accrual Rate for Monthly Benefit (F / G)	\$94.38
J. PBGC Guaranteed Accrual Rate (100% x \$11) + (75% x \$33)	\$35.75
K. PBGC Guaranteed Benefit (J x G)	\$858.00
L. 110% of PBGC Guaranteed Benefit	\$943.80
M. Amount Cut under PBGC Guaranteed Limit (F - L)	\$1,321.20

#### Calculation of Monthly Benefit under Proposed Suspension

N. Reduction Percentage	30%
O. Amount Cut	\$679.50
P. Proposed Monthly Benefit	\$1,585.50
Q. Maximum Suspendible Benefit	\$0.00
R. Does age-based limitation apply? (Participant over age 75 at Suspension Date)	No
S. Does disability limitation apply? (Participant in disabled status, no reduction if disabled)	Yes
T. Does 110% PBGC limit apply? (Proposed Monthly Benefit less than 110% PBGC Benefit P<L)	No
U. Final Reduction Percentage	0%
V. Final Amount Cut	\$0.00
W. Final Benefit, reflecting proposed suspension and limits	\$2,265.00

# Western States Office and Professional Employees Pension Fund

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

Example #7: Proposed benefit cut for pensioners, age-based limitation applies

A. Date of Birth	11/7/1940
B. Date of Retirement	9/1/2001
C. Effective Date of Suspension	10/1/2018
D. Age at Retirement Date	60 years 9 months
E. Age at End of Month Containing Suspension Date	77 years 11 months
F. Monthly Benefit in Pay Status	\$2,490.00
G. Credited Service	36
H. Participant Status & Form of Benefit	Retiree, 50% J&S

#### **Calculation of 110% of PBGC Guarantee**

I. Yearly Accrual Rate for Monthly Benefit (F / G)	\$69.17
J. PBGC Guaranteed Accrual Rate (100% x \$11) + (75% x \$33)	\$35.75
K. PBGC Guaranteed Benefit (J x G)	\$1,287.00
L. 110% of PBGC Guaranteed Benefit	\$1,415.70
M. Amount Cut under PBGC Guaranteed Limit (F - L)	\$1,074.30

#### **Calculation of Monthly Benefit under Proposed Suspension**

N. Reduction Percentage	30%
O. Amount Cut	\$747.00
P. Proposed Monthly Benefit	\$1,743.00
Q. Maximum Suspendible Benefit, before age-based limit	\$747.00
R. Does age-based limitation apply? (Participant over age 75 at Suspension Date)	Yes
S. Does disability limitation apply? (Participant in disabled status, no reduction if disabled)	No
T. Does 110% PBGC limit apply? (Proposed Monthly Benefit less than 110% PBGC Benefit P<L)	No
U. Months between End of Month Containing Suspension Date and Date Participant turns 80	25 months
V. Applicable percentage of cut (prorated by number of months (U / 60))	41.7%
W. Final Reduction Percentage	12.5%
X. Final Amount Cut	\$311.25
Y. Final Benefit, reflecting proposed suspension and limits	\$2,178.75

# Western States Office and Professional Employees Pension Fund

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

Example #8: Proposed benefit cut for contingent beneficiary of pensioners, age-based limitation applies

A. Date of Birth	8/31/1941
B. Retiree's Date of Retirement	9/1/2001
C. Effective Date of Suspension	10/1/2018
D. Age at Retiree's Retirement Date	60 years 0 months
E. Retiree's Age at End of Month Containing Suspension Date	77 years 11 months
F. Survivor's Monthly Benefit	\$1,245.00
G. Retiree's Credited Service	36
H. Participant Status	Beneficiary

#### Calculation of 110% of PBGC Guarantee

I. Yearly Accrual Rate for Monthly Benefit (F / G)	\$34.58
J. PBGC Guaranteed Accrual Rate (100% x \$11) + (75% x \$33)	\$28.69
K. PBGC Guaranteed Benefit (J x G)	\$1,032.84
L. 110% of PBGC Guaranteed Benefit	\$1,136.12
M. Amount Cut under PBGC Guaranteed Limit (F - L)	\$108.88

#### Calculation of Monthly Benefit under Proposed Suspension

N. Reduction Percentage	30%
O. Amount Cut	\$373.50
P. Proposed Monthly Benefit	\$871.50
Q. Maximum Suspendible Benefit, before age-based limit	\$108.88
R. Does age-based limitation apply? (Participant over age 75 at Suspension Date)	Yes
S. Does disability limitation apply? (Participant in disabled status, no reduction if disabled)	No
T. Does 110% PBGC limit apply? (Proposed Monthly Benefit less than 110% PBGC Benefit P<L)	Yes
U. Months between End of Month Containing Suspension Date and Date Participant turns 80	25 months
V. Applicable percentage of cut (prorated by number of months (U / 60))	41.7%
W. Final Reduction Percentage	3.6%
X. Final Amount Cut	\$45.37
Y. Final Benefit, reflecting proposed suspension and limits	\$1,199.63

# Western States Office and Professional Employees Pension Fund

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

Example #9: Proposed benefit cut for future retiree, age-based limitation applies

A. Date of Birth	10/28/1942
B. Date of Retirement	N/A
C. Effective Date of Suspension	10/1/2018
D. Age at Retirement Date	N/A
E. Age at End of Month Containing Suspension Date	76 years 0 months
F. Accrued Monthly Benefit	\$605.00
G. Credited Service	9
H. Participant Status	Terminated Vested

#### Calculation of 110% of PBGC Guarantee

I. Yearly Accrual Rate for Monthly Benefit (F / G)	\$67.22
J. PBGC Guaranteed Accrual Rate (100% x \$11) + (75% x \$33)	\$35.75
K. PBGC Guaranteed Benefit (J x G)	\$321.75
L. 110% of PBGC Guaranteed Benefit	\$353.93
M. Amount Cut under PBGC Guaranteed Limit (F - L)	\$251.07

#### Calculation of Monthly Benefit under Proposed Suspension

N. Reduction Percentage	30%
O. Amount Cut	\$181.50
P. Proposed Monthly Benefit	\$423.50
Q. Maximum Suspendible Benefit, before age-based limit	\$181.50
R. Does age-based limitation apply? (Participant over age 75 at Suspension Date)	Yes
S. Does disability limitation apply? (Participant in disabled status, no reduction if disabled)	No
T. Does 110% PBGC limit apply? (Proposed Monthly Benefit less than 110% PBGC Benefit $P < L$ )	No
U. Months between End of Month Containing Suspension Date and Date Participant turns 80	48 months
V. Applicable percentage of cut (prorated by number of months (U / 60))	80.0%
W. Final Reduction Percentage	24.0%
X. Final Amount Cut	\$145.20
Y. Final Benefit, reflecting proposed suspension and limits	\$459.80