

March 2005

Re: Alaska Electrical Pension Fund
Highlights of Plan changes at recent trust meeting

Dear Participant:

The Board of Trustees of the Alaska Electrical Pension Plan (“Plan”) met in November 2004 and this notice is to announce recent changes. In general, these changes are effective January 1, 2005 (except as otherwise noted), and include the following:

- Rule changes for post-retirement service as an inspector, power lineman or power plant operator/mechanic;
- Participants may designate a trust as their beneficiary; and
- Eligibility for disability retirement will rely only on a determination by the Social Security Administration.

Each of these changes is detailed in the following sections.

Rule changes for post-retirement service

The special exception regarding post-retirement service for inspectors with signatory employers (provided the position is not subject to a collective bargaining agreement) ended on December 31, 2004. **As a result, effective January 1, 2005, if you’ve retired and work more than 40 hours in any month as an inspector, your retirement income payments will be suspended.**

In general, if you work more than 40 hours in a calendar month following retirement in employment that qualifies as “post-retirement service”, your retirement income payments are suspended. However, the Plan permits you to work in certain classifications for more than 40 hours a month – but for not more than six months during 2005 - and still receive your retirement income payments, provided you are hired (or rehired) into the classification after the initial effective date for the classification exception. If you meet these requirements, your pension would be suspended effective in the seventh month in which you work more than 40 hours in post-retirement service in one of these classifications. Note that if you work 40 hours or more in employment *not* within one of these classifications, your benefits would be suspended in the first month of such employment, regardless of this special rule.

What is post-retirement service?

Post-retirement service is employment:

- Within the State of Alaska;
- In a job classification similar to those set forth in a collective bargaining agreement or special agreement under the Plan (regardless of whether such employment is under the terms of a collective bargaining agreement or in a supervisory capacity over such a job classification); and
- In an industry of the type engaged in by the employers maintaining the Plan.

Over time, signatory employers to the Plan have participated in a growing number of industries in the State of Alaska. Employment in industries other than the electrical industry, therefore, may result in the suspension of a participant's retirement income.

The following classifications have six-month exceptions in 2005 for work following retirement:

- **As an estimator** for a signatory employer, provided the position is not subject to a collective bargaining agreement;
- **As an instructor** at the Alaska Joint Electrical Apprenticeship and Training Trust; or
- **As a power lineman or power plant operator/mechanic** for a signatory employer (new in 2005).

The Plan requires that in order to be considered retired, you must “withdraw and completely refrain from Post-Retirement Service.” A variety of facts and circumstances are taken into consideration in determining whether you meet this standard; for example, you must terminate employment without any arrangement to resume employment with a participating employer, cash in your hours bank and in all other respects pursue retired status under the Plan. As a general rule, you will not be considered to be retired until at least 45 days after your last hour of employment that meets the definition of “post-retirement service.”

Note: Please refer to the Summary Plan Description for a more complete discussion of the rules concerning the effect of Post-Retirement Service on your retirement benefits. Please contact the Administrative Office if you are considering employment as a retiree if you are concerned that your retirement income payments might be subject to suspension.

Participants may designate a trust as their beneficiary

In response to recent participant inquiries, you're now permitted to designate a testamentary and living trust as your beneficiary. A similar change also will apply to benefits earned under the Alaska Electrical Workers Money Purchase Pension Plan.

Upon retirement, you may designate a trust as your primary or contingent beneficiary to receive death benefit payments. The form of benefit payment to a trust beneficiary may be any form *other than* a joint & survivor annuity or Spouse Option (under the Pension Plan as the remainder of a Modified Life Annuity, or the 60-month death benefit; and under the Money Purchase Plan as installments or a lump sum).

It is recommended that you consult an estate planner or legal advisor before you establish a testamentary or living trust, or before you name that trust as your primary or contingent beneficiary. If you would like to change your beneficiary designation (to a trust or otherwise), please contact the Administrative Office.

Eligibility for disability retirement will be based upon a determination by the Social Security Administration

To be eligible for disability retirement on or after January 1, 2005, you will only be required to submit proof that you have received a determination of disability from the Social Security Administration. This replaces the former requirement for you to also submit medical records, physician affidavits, and supporting documentation regarding your disability application with the Social Security Administration.

Please contact the Administrative Office if you have any questions concerning these issues.
Thank you.

The Administrative Office