



PLUMBERS AND PIPEFITTERS LOCAL 501

NORTHERN ILLINOIS BENEFIT FUNDS

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NORTHERN ILLINOIS PENSION FUND SUMMARY PLAN DESCRIPTION MATERIAL MODIFICATION

I INTRODUCTION

The Trustees of the Northern Illinois Pension Fund ("the "Plan") have amended the Plan effective May 7, 2002 by Amendment Number Eight to the Plan. Further, changes have been made in time periods applicable to appeal procedures in order to comply with federal law. In addition, the Trustees are communicating to you to clarify certain Plan provisions applicable to pension credit and vesting for time spent in Qualified Military Service. Finally, the Trustees are providing you with disclosures about the Plan which are not fully contained in the current Summary Plan Description and which are required under federal law.

This is a summary of the changes and the involved Plan provisions. It is presented to you as an addition to the Summary Plan Description. If you have any questions about it, contact the Plan's Administrator. A copy of the Plan, including Amendment Number Eight and other applicable Plan provisions, is available for your inspection. If there is any discrepancy between the Plan or Amendment Number Eight and this Summary of Material Modifications, the provisions of the Plan, as amended, will control.

II GENERAL INFORMATION

There is certain information you may need to know about changes in the Plan, disclosures concerning the Plan, and with respect to the Plan Administrator. This information is presented below.

1. Amendment Number Eight was adopted to be effective on May 7, 2002. Changes made concerning appeal procedures apply to applications for the Temporary Disability Benefit filed on or after January 1, 2002. Changes made with respect to Qualified Military Service are effective with re-employments initiated on or after December 31, 1994. Other disclosures concern matters, which reflect the current provisions of the Plan.
2. The name, address and telephone number of the Plan Administrator are:

Board of Trustees
Northern Illinois Pension Fund
1295 Butterfield Road
Aurora, IL 60504
(630) 978-4600

3. The Plan Administrator keeps the records for the Plan and is responsible for its administration. The Administrator will answer any questions you may have about the Plan.

III SUMMARY OF CHANGES AND DISCLOSURES

1. Amendment Number Eight amends Section 15.2(c) of the Plan regarding certain procedures and presumptions applicable in cases where retirees fail to disclose their post-retirement work in employment, which can result in suspension of benefits under the Plan or fail to disclose that such work was for fewer than 40 hours in a calendar month. In these cases the Trustees will presume (1) That the retiree has worked for at least 40 hours in employment for which benefits would be suspended in that month and any subsequent month until the retiree notifies the Plan that he is no longer working in such employment and (2) that the employee worked in such employment for as long as the involved employer was working at the construction site where the employee was working. These presumptions can be overcome if the retiree can establish that the work was not a basis for suspension of benefits under the Plan. Under the provisions of Amendment Eight the Trustees will inform all retirees at least once every twelve months of the requirements to provide notice to the Plan of post-retirement employment in work, which can result in suspension of benefits and of the presumptions established by Amendment Number Eight.
2. Changes have been made in certain provisions regarding Appeal Procedure relevant to Temporary Disability Benefits in order to comply with federal regulations. In the case of an application for Temporary Disability Benefit, the initial decision on such benefits by the Administrative Manager will be made within 45 days, with the possibility of further extensions by two separate periods of 30 days if the extension is due to circumstances beyond the control of the Plan. The Administrative Manager will notify the Participant of the first extension before the expiration of the initial 45-day period and of the second extension prior to the end of the 30-day first extension. In addition, requests for additional information from the Administrative Manager regarding the claim will be made within the initial 45-day time period. The Participant will have 45 days to obtain the information and, if the information is not supplied, the claim of benefits will be denied within 30 days of the deadline to provide the information. The period for requesting review by the Trustees of an adverse decision from the Administrative Manager regarding a Temporary Disability Benefit has been extended to 180 days after the Administrative Manager's denial of the claim. Review of a decision by the Trustees in such a case must ordinarily be made within 45 days of receipt of the request for review. If the Trustees require additional time, written notice of the extension shall be furnished prior to the end of this 45 day time period, with a final decision rendered no later than 90 days after the Trustees received the request for review from the Participant, unless the Participant caused or contributed to the postponement. If the Trustees require additional medical information regarding the Temporary Disability Benefit application, they must consult a medical professional who is not the same individual or a subordinate of the person requested by the Administrative Manager.
3. The Trustees also wish to communicate with you concerning pension credit and vesting after Qualified Military Service under the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), as well as under prior law. Effective with respect to reemployments initiated on or after December 31, 1994, if employment terminates due to Qualified Military Service (performance of duty on a voluntary or involuntary basis in a Uniformed Service), the Employee shall be credited with Hours of Service for the hours the Employee would have been scheduled to work during the period of Qualified Military Service, provided the Employee applies for, and resumes, employment with the Contributing Employer within the time limits established by the Uniformed Services Employment and Reemployment Rights Act of 1994. This service counts toward vesting credit and toward the amount of benefits, which will be paid concerning retirement. The amount of these benefits will be paid from Plan assets. Reemployments initiated prior to December 31, 1994 are governed under prior law, which may also provide credit toward vesting and/or amounts of benefits for periods of military service interrupting Covered Employment under the Fund.
4. The remaining items in this Summary of Material Modifications represent disclosures concerning the Plan, which reflect current Plan provisions and which are required to be specifically disclosed in a Summary Plan Description under amended regulations issued by the Department of Labor. A requirement of the regulations is that the Trustees identify the type of administration of the Plan. The

paragraph beginning "Plan Administrator" at page 3 of the Summary Plan Description is changed to add the following sentence: "The Board of Trustees employs a staff, headed by an Administrative Manager, which handles day to day administration of the Plan."

5. Another requirement of the regulations is to provide language concerning the right to examine collective bargaining agreements pursuant to which the Plan is maintained. The second full paragraph at page 1 of the Summary Plan Description is changed to read as follows:

A participant or beneficiary may obtain a copy of the collective bargaining agreements governing the Plan upon written request to the Board of Trustees or from your Union business agent. In addition, a copy of any such agreement may be examined at the Fund Office or Union Office by participants and beneficiaries as required by 29 CFR §§2520.104b-1 and 2520.104b-30.

6. One of these requirements is for the Trustees to summarize for you Plan provisions governing the authority of the Plan sponsors or others to terminate the Plan or amend the Plan, and the effect upon benefits of any such action. The following paragraphs replace the current language entitled "Termination or Amendment of the Plan" found at page 17 of the Summary Plan Description:

The Board of Trustees reserves the right to amend the Plan at any time for any reason. However, no amendment may be adopted if it alters the basic principles of the Trust Agreement founding the Fund, is in conflict with collective bargaining agreement provisions applicable to contributions to the Fund, is contrary to laws governing multi-employer ERISA trust funds or is contrary to agreements entered by the Trustees. In addition, an amendment must be for the exclusive benefit of participants. While an amendment may be made retroactively, to the extent permitted under applicable law, it cannot reduce a benefit accrued prior to the amendment or eliminate an optional form of benefit applicable to a benefit accrued prior to the Amendment unless such an amendment is permitted under applicable federal law. In addition, subject to provisions of the Plan, no amendment may reduce the percentage of the accrued benefit in which a Participant is vested.

The Plan may be terminated at any time by a vote of the Trustees, upon mutual agreement between the Union and the Employer Association to terminate the Plan, or by a mutual agreement of the Union and the Employer Association to terminate the Trust, if the action is taken in conformity with applicable law. The Plan will also terminate upon the Termination of the Trust by the occurrence of any one or more of the following events: (1) No individuals are living who can qualify as employees, (2) the adoption after September 26, 1980 of a Plan amendment providing that participants will receive no credit for any purpose under the Plan for service with an employer after the date specified in the amendment, (3) the withdrawal of every employer from the Plan or the cessation of obligation of all employers to contribute under the plan, (4) upon action taken by the PBGC under ERISA Section 4042(a), (5) when there is no longer a written agreement or other obligation between any Employer and the Union or the Fund requiring contributions to the Fund or (6) in the opinions of the Trustees the Fund is inadequate to carry out the intent and purpose of this Agreement or to meet the payments due or to become due under this Agreement to persons already receiving benefits. The Plan may also become "partially terminated" with respect to certain participants if the conditions for such a termination under applicable law are present.

If the Plan terminates, the benefits you earned before the termination will be fully vested to the extent funds exist to support the benefits. The Plan assets will then be used to provide benefits to the participants and to pay the expenses of the termination. Procedures applicable under federal law will apply. In addition, a "priority" system has been set forth in the Plan for the payment of benefits to participants after the expenses of termination are satisfied, with all payments to be determined in accordance with applicable PBGC regulations. The allocation shall be made under classification, which are intended to conform with Section 4044 of ERISA and PBGC rules there under, with changes to be made, if necessary to conform with that Section. In substance, benefits are paid in the following order, with allocations to be made to a "lower" priority group only if benefits are sufficient to satisfy all of the "higher" priority groups:

1. The Actuarial Equivalent of the remaining benefits to be paid to persons whose pension benefits commenced three or more years prior to the Plan termination date;
2. The Actuarial Equivalent of the remaining benefits to be paid to persons for whom a pension benefit could have been made if they had elected to retire three or more years prior to the plan termination date;
3. The Actuarial Equivalent of the pension benefits under the Plan that are guaranteed by the PBGC under Title IV of ERISA, in accordance with PBGC regulations, in the following order of priority—(i) participants who have terminated employment and are receiving pension benefits on the date of termination, (ii) participants who could have elected to terminate employment and receive benefits on the date of termination, (iii) all other participants who have Accrued Benefits;
4. The excess of the Actuarial Equivalent of the pension benefit for each Participant which would have been paid if the Participant's employment with the employer had terminated on the day of termination of the Plan over the amounts that are guaranteed by the PGGC;
5. The excess of the Actuarial Equivalent of the Accrued Benefit of the Participant on the date of termination over the amounts previously allocated under Numbers 1 through 4 above; and
6. If assets remain after the allocations in Numbers 1 through 5 above, remaining amounts will be used to increase the benefits of Participants as determined by the Trustees in their discretion.

If assets are insufficient to provide full benefits to one of the above priority classes, the "lower" priority classes will receive no distribution and the allocation to each Participant in the last priority class will be reduced in proportion to the assets available to satisfy that class. In addition, the amount to be allocated shall not be in excess of the Actuarial Equivalent of the pension benefits that would have been payable had these pension benefits been payable under the provisions of the Plan in effect at the time during the five years preceding termination that produce the lowest pension benefits.

7. Under the new Department of Labor regulations, the Trustees of a "multi-employer" pension plan, such as the Plan, are provided with a particular format for informing participants and beneficiaries about protections provided by the Pension Benefit Guaranty Corporation (PBGC). The following paragraphs shall substitute for the section entitled "PBGC Protection" found at pages 17-18 of the current Summary Plan Description:

Your pension benefits under this multiemployer plan are insured by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency. A multiemployer plan is a collectively bargained pension arrangement involving two or more unrelated employers, usually in a common industry.

Under the multiemployer plan program, the PBGC provides financial assistance through loans to plans that are insolvent. A multiemployer plan is considered insolvent if the plan is unable to pay benefits (at least equal to the PBGC's guaranteed benefit limit) when due.

The maximum benefit that the PBGC guarantees is set by law. Under the multiemployer program, the PBGC guarantee equals a participant's year of service multiplied by (1) 100% of the first \$5 of the monthly benefit accrual rate and (2) 75% of the next \$15. The PBGC's maximum guarantee limit is \$16.25 per month times a participant's years of service. For example, the maximum annual guarantee for a retiree with 30 years of service would be \$5,850.

The PBGC guarantee generally covers: (1) Normal and early retirement benefits; (2) disability benefits if you become disabled before the plan becomes insolvent; and (3) certain benefits for your survivors.

The PBGC guarantee generally does not cover (1) Benefits greater than the maximum guaranteed amount set by law; (2) benefit increases and new benefits based on Plan provisions that have been in place for fewer than 5 years at the earliest of: (i) The date the Plan terminates or (ii) the time the Plan becomes insolvent; (3) benefits that are not vested because you have not worked long enough; (4) benefits for which you have not met all the requirements at the time the Plan becomes insolvent; and (5) nonpension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

For more information about the PBGC and the benefits it guarantees, ask your Plan Administrator or contact the PBGC's Technical Assistance Division, 1200 K Street, N.W., Suite 930. Washington, D.C. 20005-4026 or call 202-326-4000 (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to 202-326-4000. Additional information about the PBGC's pension insurance program is available through the PBGC's website on the Internet at <http://www.pbgc.gov>.

8. The Trustees are also required to update the information provided you in the Section of the Summary Plan Description entitled "Your Rights as a Participant" which is found at pages 18-19 of the current Summary Plan Description. The following information shall be added at the following points in the Summary. Just after the first full paragraph and prior to the first "bullet" on page 18, there shall be inserted the heading: "Receive Information about Your Plan and Benefits." At the end of the first sentence in the first bullet point paragraph there is added the following language after Department of Labor: "and available at the Public Disclosure Room of the Pension and Welfare Benefit Administration." Prior to the first full paragraph on page 19, there is added the heading: "Prudent Actions by Plan Fiduciaries." Prior to the second full paragraph on page 19, there is added the heading: "Enforce Your Rights." Prior to the final paragraph on page 19, there is added the heading: "Assistance with Your Questions." At the end of the Section, at the bottom of page 19, there is added the following sentences: "You may obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Pension and Welfare Benefits Administration. The Publications Hotline telephone number is currently 1-800-998-7542."

Summary of Material Modification

EIN: 36-2663798 PN: 001

June 2002