Los Angeles County Metropolitan Transportation Authority

Transportation Communications Union Retirement Income Plan

Metro™

Dear Plan Member:

This is your copy of the general provisions of the Los Angeles County Metropolitan Transportation Authority Transportation Communications Union Retirement Income Plan (the "Plan") as amended through December 16, 2004. Please keep this booklet handy to help you understand your Retirement Income Plan. This booklet is also available electronically on the website *MyRetirement.metro.net*: the electronic version will be updated from time to time as necessary.

Your Pension Plan
Administrative Committee
(the "Pension Committee")

The following are the current members of the Pension Committee. Members of the Pension Committee are subject to change.

For the Los Angeles County Metropolitan Transportation Authority ("LACMTA")	For the Transportation Communications Union ("TCU")
Carolyn Flowers	**Olivia Nelson-Richard**
Richard Hunt	**Juanita M. Cook**
Terry Matsumoto	**Joel Parker**
Donald Ott (alternate)	

This booklet is only a summary of the benefits provided by the Plan. It is subject to the provisions of the official Plan documents and cannot modify or affect the Plan documents in any way. In case of any differences between this booklet and the official Plan documents, the Plan documents will prevail. Neither you nor any of your dependents shall earn any rights because of any statement in, or omission from, this booklet. The provisions of the Plan documents cannot be modified or amended in any way by any statement or promise, written or oral, made by any person, including employees of the LACMTA or the TCU.

The Pension Committee shall have full discretion and authority to determine questions concerning the interpretation or administration of this Plan, including without limitation, all questions relating to eligibility for Plan benefits, and the determinations of the Pension Committee shall be conclusive and binding as to all persons and for all purposes.

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INTRODUCTION

This booklet is designed to help you learn about your LACMTA retirement benefits. Retirement can be comfortable if you plan ahead and make good choices for you and your family.

We suggest you read this entire booklet carefully. We want to make you aware of the benefits available to you, the optional forms in which those benefits can be paid and the times at which you can retire.

Successful retirements are planned far in advance of actual retirement dates. We sincerely hope this booklet is helpful to you in making your plans for a pleasurable and financially secure retirement.

What Kind of Plan?

Your Pension Plan is a collectively bargained defined benefit plan. This means that the benefits and, to a great extent, the contributions to support the Plan are determined in Collective Bargaining Agreement negotiations between the LACMTA and your collective bargaining representative, the TCU. The Pension Committee administers the Plan that has been agreed upon in collective bargaining negotiations. The Pension Committee exercises complete authority to interpret and apply the negotiated plan terms and conditions, and the Investment Board has complete authority and duty to manage the assets of the Plan which, by law, are held in the Trust Fund.

When Do I Become a Member of the Plan?

You become a member of the Plan ("Member") on your date of hire as a regular full-time employee of the LACMTA in a work classification covered under a collective bargaining agreement between the LACMTA and the TCU. Part-time or temporary employees are NOT eligible to participate in the Plan.

How Do I Enroll?

It is not necessary to complete a separate enrollment form to become a member of the Plan. Enrollment in the Plan is a condition of employment, so it is mandatory that you become a member of the Plan.

How Do I Designate a Beneficiary?

Your beneficiary under the Pension Plan is designated on the standard LACMTA beneficiary form which you fill out on your first day of work, and will apply to all of your benefits at the LACMTA. If you wish, you may designate different beneficiaries for other employee benefits, (such as pension, life insurance, sick leave or vacation). However, California community property laws require that 50% of your property accumulated during the period of marriage must be designated to your spouse unless your spouse signs a waiver agreeing to a designation of less than 50%.

In addition, community property rights have, since 2005, been extended to Registered Domestic Partners. A "Registered Domestic Partnership" is a marriage equivalent union created by the California Family Code. Wherever the term "spouse" appears in this booklet, that term includes "Registered Domestic Partner," unless specifically excluded. (If you are divorced or become divorced, or terminate your Registered Domestic Partnership, see page 15 of this booklet.)

For information on how to change your beneficiary, please call the Pension and Benefits Department - Life Insurance Desk at 213.922.7187 or extension 27187. You will be required to submit a new Beneficiary Designation Form.

How Much Do I Contribute to the Plan?

During fiscal year 2008-2009, you are required to contribute 7.39% of your monthly salary. Monthly salary is defined as your hourly rate of pay times 173.333 hours per month. The contribution rate may be increased or decreased from time to time. Currently, the LACMTA and the TCU have delegated to the Pension Committee the duty to set LACMTA and employee contribution rates each year in accordance with the provisions of the Pension Plan document and based on the annual actuarial valuation of the Plan.

Your contributions are collected through a payroll deduction from the first two paychecks of each month. Any month with three pay periods (the "third payroll") will not have pension contributions deducted from that third paycheck unless you owe back contributions to the Plan.

The LACMTA sends the amount collected from all Plan Members to the Trust Fund once each month. A statement of your contributions and interest will be sent to you once each year by the LACMTA, by April 1st.

Example:
To calculate your bi-weekly contributions for fiscal year 2008-2009, multiply your hourly rate of pay by 173.333, multiply that amount by 7.39%, then divide by 2, as illustrated below:

$20.60 (hourly rate) x 173.333 = $3,570.66

x 0.0739% = $263.87 (monthly contribution)

divided by 2 = $131.94 (bi-weekly contribution)

$131.94 is your bi-weekly contribution to the Plan

Members who are not receiving compensation because they are off work or on a Leave of Absence due to illness or injury or any other reasons are required to make contributions to the Plan. If contributions are not paid while you are off work, unpaid contributions will be collected upon return to work by doubling your regular contributions until all uncollected amounts are paid. Unpaid contributions will also be collected on the "third payroll" of the month, if any.

All contributions are made on an "after tax" basis.

What Happens to My Contributions if I Leave the LACMTA?

If you have less than ten years of service with the LACMTA, your contributions with interest will be returned to you in about six to eight weeks after your termination date. The interest rate is 4½%. Because you have already paid the taxes on your contributions, those amounts are returned to you free of any taxes. However, any interest paid to you from the Plan is subject to federal and state income tax.

If you have ten or more years of service at the time you leave employment, you are vested in your benefits under the Plan and have other options available to you. See the questions on vesting and deferred retirements.

How Much Does the LACMTA Contribute?

The LACMTA contributes monthly to the Trust Fund an amount that, together with the employees' contributions, is necessary to fund your pension benefit. The Trust Fund then pays you your pension benefit when you retire. For example, the amount contributed by the LACMTA in Fiscal Year 2008-2009 to the Pension Fund was 9.28% of payroll. This amount varies each year based on the annual actuarial valuation of the benefits under the Plan.

LACMTA contributions made to the Trust Fund are NOT credited to any individual account. They remain pooled in the Trust Fund to fund retirement benefits generally.

Where is the Plan Money Held?

The money in the Plan is held in trust by a custodian bank contracted with by the Pension Committee. Currently, the Trust Fund custodian is State Street Bank. The custodian also holds all stocks, bonds, and other investment instruments purchased by the investment managers appointed by the Plan's Investment Board. (See information about the Investment Board on page 15 of this booklet.)

When am I Vested?

You are vested when you have ten years of Continuous Service[1] with the LACMTA or certain predecessors to the LACMTA such as the Southern California Rapid Transit District (SCRTD). Service with the LACMTA means employment with the LACMTA while you were participating in this Plan, or certain other retirement plans sponsored by the LACMTA.

Vesting simply means that you qualify for a pension when you reach retirement age even if you are no longer working for the LACMTA at that time. If you leave the LACMTA before age 55 with at least 10 years of service, you will be sent a letter in approximately eight to ten weeks after your termination date, explaining the deferred retirement option available to you. If you have 23 or more years of service when you leave the LACMTA, you may be eligible for a special retirement benefit. Please see page 6 of this booklet for more information on the "23 and Out" benefit.

[1] **Continuous Service** is defined as all service from your date of hire without a break in service to your date of retirement, calculated to the preceding completed quarter year.

Service as a part time, temporary, or BDOF[2] employee does NOT count as Continuous Service for vesting purposes. Service covered under the California Public Employees Retirement System (CalPERS) also does NOT count as Continuous Service for vesting purposes.

What Options are Available to Me if I am Vested and My Employment Ends Before I am Eligible to Retire?

Your options are:

1. You may take a refund of your contributions and interest. By taking a refund, you will NOT receive a pension for this period of service. You will NOT be permitted to redeposit your contributions and receive a pension for this period of service. You will NOT receive anything else from this Plan at any time with regard to your period of service before your termination. If you later return to LACMTA employment, you will be considered a new employee under the Plan, and any future benefits will NOT take into account that period of service for which you received a refund of your contributions.

2. You may leave your contributions in the Plan and receive your pension when you choose to retire between the ages of 55 and 65. This is known as the Deferred Retirement Benefit. If you elect this option and die before you collect benefits, your beneficiary will receive a refund of your contributions plus interest, but will not qualify for pension payments.

Caution:
Once you select one of the above options, that selection is permanent. You will NOT be allowed to change your selection.

[2] **Business Development Operating Facility**

When Can I Retire With an Immediate Pension?

You must either :

> Be at least 55 and have at least 10 years of service
or
> Have at least 23 years of service, regardless of age.

Note:
See important information on the "23 & Out" benefit on page 6.

At What Age Must I Retire?

There is no mandatory retirement age.

What if I Die Before Retirement While I'm an Active Employee?

If you have less than ten years of service on the date of your death, your designated beneficiary will be paid all your contributions plus interest at 5½%.

If you have ten or more years of service on the date of your death, your surviving spouse or surviving Registered Domestic Partner will receive a Lifetime Pension in lieu of a refund of contributions. The Lifetime Pension is calculated as if you retired on your date of death and elected a Joint and Survivor 100% option. In-lieu of a monthly pension, your surviving spouse or Registered Domestic Partner may elect a lump sum payment under the same terms and conditions described on page 10 under Lump Sum Option. If you have no spouse or Registered Domestic Partner on your date of death, your contributions plus interest at 5½% will be paid to your designated beneficiary. If you have not designated a beneficiary or your beneficiary pre-deceases you, payment will be made to your estate.

Can I Transfer to Another LACMTA Plan?

Yes. This Plan provides for transfer from this Plan to certain other retirement plans sponsored by the LACMTA (the ATU and UTU Plans) with no loss of credited service. Your pension will be calculated based on continuous service with any of these LACMTA Plans. A transfer between plans will neither increase nor decrease the amount of continuous service of an employee with the LACMTA.

In the event you are promoted or transfer into a PTSC position and become covered under the California Public Employees Retirement System (CalPERS), service credit may be lost if you have less than ten years of service under this Plan, as there is no reciprocity between this Plan and CalPERS.

Note: See important information relating to this subject on the "23 & Out" benefit on this page.

How Much Will My Pension Be?

Upon retirement from service, you will receive a monthly retirement allowance determined in accordance with the Table on pages 20-21. Since your pension amount will be different from every other employee's benefit, it will be necessary to calculate it by following this example. This example is for an employee age 64, with 31 years of service (see next page).

The monthly benefit calculated in this example below is in the form of a Life Only annuity. The amount of benefit actually paid to you will depend on the optional form of payment you select. Examples of other monthly benefit amounts may be found on page 19 of this booklet.

What is the "23 and Out" Benefit?

When you have 23 years of service, you may retire at any age and receive a retirement benefit equal to 50% of your Adjusted Final Compensation. The monthly benefit computed is in the form of a Life Only annuity option and if you choose another option, your benefit would be adjusted accordingly.

If you retire with more than 23 years of service, your Adjusted Final Compensation percentage is increased in accordance with the following table:

23 years = 50%
24 years = 51%
25 years = 52%
26 years = 53%
plus 1% for each additional year

Retirees will be given credit for each completed quarter year of service.

For example, if you retire with 30 years of service, your retirement factor will be 57%.

See page 20 to review the complete Service Retirement Allowance Table.

IMPORTANT NOTE:
In order to receive the "23 and Out" benefit, you must complete a combined total of 23 years of service while covered under this Plan, the UTU Plan, or the ATU Plan. Service with the LACMTA while covered under any other retirement plan will not count for purposes of "23 and Out," except if you were covered under this Plan as an employee on April 25, 1995, then any such service prior to April 25, 1995 will be counted.

MOST COMMONLY ASKED QUESTIONS ABOUT THE PLAN

	You	Example
1. Final Compensation[3 4]	________	$3,500.00
2. Minus $133.33	- $133.33	- $133.33
3. Adjusted Final Compensation[5]	________	$3,366.67
4. Factor[6 7] (Age/Continuous Service)	x ____ %	x 58%
5. Multiply line 3 by line 4 (Life only annuity)	________	$1,952.67

[3] **Final Compensation** is defined as the average monthly "compensation earnable" by a Member during any consecutive thirty-six (36) month period elected by the Member at or before the time a Member files an application for retirement; or if a Member fails to elect, it is the thirty-six (36) month period immediately preceding retirement. Compensation will be based on a 40 hour week, which is 173.333 hours per month. Temporary assignment to higher classifications or positions not represented by the TCU will not be considered in determining Final Compensation.

[4] **Compensation Earnable by a Member** by a Member means compensation actually paid for straight time work including vacation pay, sick leave pay, holiday pay, bereavement pay, and other similar payments for straight time which are subject to withholding of federal income tax or the employee elects to defer under the Thrift Plan or Deferred Compensation Plan, or any other deferred arrangement adopted by the LACMTA. The computation for any absence shall be based on the compensation earnable that the Member could have earned during such absence for the position held by the Member at the beginning of the absence. Credit for any absence is limited to twelve months.

[5] **Adjusted Final Compensation** is defined as Final Compensation, less $133.33. (There is no special significance to the $133.33 adjustment; it is simply part of the defined benefit calculation formula.)

[6] **Factor** – Look on page 20 to 21 of this booklet and find the table listing all of the percentages used for calculating benefits. Although the table provides for only completed years of service and age, you will be given credit for completed quarters of a year for both service and age. The percentage on the table will be interpolated to reflect completed quarters. Completed quarters are measured from your employment date and birth date, not calendar quarters. Therefore, if your 62nd birthday occurs on March 4 and you retire June 4, your age will be considered as 62 years and one completed quarter.

[7] **Continuous Service** – See definition of Continuous Service in Footnote 1 on page 4.

What is the Deferred Retirement Option Program (DROP)?

DROP is a feature to your Pension Plan that can provide you with another way of saving for your retirement years. It is an optional voluntary program that allows you to work and receive pay and benefits as an active employee while accumulating monthly pension payments in a DROP account.

An employee electing DROP may not select the Lump Sum option (with respect to the regular pension benefit).

You are considered "retired" for pension purposes only; for all other purposes you are considered an active employee.

While in DROP, your monthly pension payments are held in the Trust Fund and credited with a prorata share of the actual earnings and/or losses of the Trust Fund. When you decide to leave the LACMTA/PTSC, your participation in the DROP program will terminate. You will then begin to receive your regular pension benefits on a monthly basis. In addition, you will receive your accumulated DROP account balance in the form of a lump sum; you may roll all or part of your balance into another tax-qualified account.

If you elect to participate in DROP, you must first schedule an appointment with the Benefits Office to determine your DROP enrollment date and fill out the necessary service pension forms.

Important Reminders:
Your decision to participate in DROP is irrevocable. After enrolling in DROP, you cannot exit DROP without terminating employment.

You are considered "retired" for purposes of pension calculations only. No further service credit is earned and no further pension contributions are made by you or for you by LACMTA during the DROP participation period. Your service accrual is frozen on the date you enter DROP.

What is the Minimum Pension Benefit?

The minimum pension benefit is $250.00 per month, and is in the form of a Life Only annuity. If another option is chosen, the $250.00 will be adjusted to reflect that option.

What are the Payment Options Available to Me?

You are given the opportunity to choose any one of the options listed below. Your choice of an option should be made 90 days before you retire. In the event that you apply for disability retirement and then die within 90 days from the date the disability retirement option is selected, the selected option will be null and void and you will be awarded the pension benefit described on page 5 of this booklet under "'What If I Die Before Retirement?" in lieu of your selected option.

> Life Only Option:

This option will pay you a monthly benefit for your lifetime. Payments will stop at your death, and no further payments will be made to anyone. This option pays you the highest monthly benefit payment. The formula used to calculate your retirement benefit under this option is described on page 7.

MOST COMMONLY ASKED QUESTIONS ABOUT THE PLAN

> Joint and Survivor 100% Option

This option is available to you and your designated beneficiary and will pay you a monthly benefit for your lifetime. Upon your death, and if your beneficiary survives you, he/she will receive the same amount you received for his/her lifetime. The monthly benefit payment under this option is less than the Life Only Option. The Life Only annuity amount is reduced based on your age and the age of your beneficiary at the time of retirement. For example, if you and your beneficiary are both 63 at the time of retirement and you choose this option, your benefit payments will be reduced by approximately 13%. Once you retire, you may not change your beneficiary. This means that, should you later divorce or should your Registered Domestic Partnership later be dissolved, you CANNOT change beneficiaries. If you remarry after a divorce or death of your spouse, or create a new Registered Domestic Partnership with another individual after the dissolution of your Registered Domestic Partnership or the death of your Registered Domestic Partner you CANNOT name your new spouse or new Registered Domestic Partner as a beneficiary after you retire with this payment option.

> Joint and Survivor 50% Option:

This option is available to you and your designated beneficiary and will pay you a monthly benefit for your lifetime. Upon your death and if your beneficiary survives you, he/she will receive one half of your benefit payment for his/her lifetime. The Life Only annuity amount will be reduced based on your age and the age of your beneficiary. For example, if you and your beneficiary are both 63 at the time of retirement, and you choose this option, your monthly benefit payments will be reduced by approximately 7%. Once you retire, you may not change your beneficiary. This means that, should you later divorce or should your Registered Domestic Partnership later be dissolved, you CANNOT change beneficiaries. If you remarry after a divorce or death of your spouse or create a new Registered Domestic Partnership with another individual after the dissolution of your Registered Domestic Partnership or the death of your Registered Domestic Partner, you CANNOT name your new spouse or new Registered Domestic Partner as a beneficiary after you retire with this payment option.

> Period Certain Option:

This option will pay you a monthly benefit for your lifetime. You may choose guaranteed payments of 60 months, 120 months or 180 months. If you die before the number of guaranteed payments are made, the balance of those payments will be paid to your designated beneficiary. If you live longer than the guaranteed period, payments will continue for as long as you live, and end at your death. The Life Only annuity amount would be reduced based on your age at the time of retirement and by the length of the guaranteed period selected.

For example, if you are 63 at the time of retirement, and you choose a period certain option, your Life Only Option will be reduced by approximately 1% for the 60-month certain option, 4% for the 120-month certain option, and 7.5% for the 180-month certain option. Under this option, you may change beneficiaries at any time, subject to the limitations described on page 2 of this booklet.

> **Social Security Option:**

Perhaps a better name for this option would be the "Level Payment Option" because this option is only indirectly related to your social security benefit. This option will increase the amount of your Life Only annuity benefit payment before you reach age 62, and will then decrease the amount of such payment when you reach age 62. The amount of the reduction is equal to your estimated monthly social security benefit payment that you will receive at age 62. The advantage of this option is that you will receive an approximate level income for your lifetime from a combination of Social Security and the Plan. This option is available only if you retire before age 62, and is payable for your lifetime only. This option is not available for Disability Retirees.

> **Lump Sum Option:**

This option pays you a one-time only payment. If you select this option, you will not receive any other benefits from the Plan. The amount you receive will be determined by your age and a determined interest rate at the time of retirement. This option is not available for Disability Retirees or DROP participants. See page 16 for additional information on the Lump Sum Option.

> **Split Option:**

This option allows you to take a portion of your pension benefit as a lump sum, with the balance of your pension taken as one of the monthly optional forms of payment described above. It is your choice on how to split the payment. Any combination (examples 90%/10%; 80%/20%, 70%/30%; 60%/40%, 50%/50%) that you choose is acceptable except for certain plan minimums. The remaining minimum monthly pension must be at least $500. This option is not available for Disability Retirees or DROP participants.

CAUTION: Once an option is selected and becomes effective, the form of payment is permanent. YOU CAN NEVER CHANGE THE OPTION SELECTED AFTER YOUR ACTUAL RETIREMENT DATE.

After Retirement, Are There Any Benefits Payable in the Event of My Death?

Nothing will be paid unless you selected an option that provides for such payments.

How Do I Apply for Retirement Benefits?

You may obtain a retirement estimate by accessing the website ***MyRetirement.Metro.net*** Call the Benefits Office at 213.922.7184 or extension 27184 to schedule an appointment for your individualized counseling session. Your appointment should be scheduled well in advance of your proposed retirement date. Two to three months lead time is recommended.

You will be required to verify your date of birth and your social security number; therefore, please bring your "original" birth certificate[8] and social security card with you to the counseling session. Certain options require verification of your beneficiary's age and social security number, so you are encouraged to also bring your beneficiary's "original" birth certificate, social security card, and if applicable, your marriage certificate or domestic partner registration certificate.

[8] **In lieu of an original birth certificate,** the following documents are acceptable proof of your birth date: Citizenship Certificate, Resident Alien Card, Baptismal Certificate, Passport, or verification by a Social Security office.

How Do I Qualify for a Disability Retirement?

1. You must be so disabled that you are unable physically or mentally to do your job.

2. This condition is permanent and you are not likely to recover sufficiently to resume your occupation.

3. This disability must not result from reasons constituting cause for discharge.

4. You must have at least ten years of Continuous Service at the time of your proposed disability retirement date.

5. Any failure on a Member's part to follow reasonable courses of medical care that would lead to a return to duty will be cause for a rejection of a Disability Retirement Application.

In the event that you apply for disability retirement and then die within 90 days from the date the disability retirement option is selected, the selected option will be null and void and you will be awarded the pension benefit described on page 5 of this booklet under "What If I Die Before Retirement?" in lieu of your selected option.

Who Determines if I Qualify For Disability Retirement?

The members of the Pension Committee appointed by the LACMTA will make the determination of whether or not you qualify for a disability retirement based upon medical evidence presented. The determination will be based on you meeting the criteria outlined above. The Pension Committee reserves the right to have you examined by a physician selected by the Pension Committee as a condition to the award of a disability retirement benefit, or as a condition to continue to receive disability retirement benefits after you are awarded disability retirement benefits.

In the event your application for disability is denied, there is an established appeal procedure. Please contact your TCU representative to discuss the appeal procedure.

You may be eligible to receive Social Security Disability benefits as a result of your illness/injury. Please contact your local Social Security Office for more information.

How is the Disability Amount Computed?

Your monthly disability benefit amount is determined by multiplying 2% by each year and completed quarter year of Continuous Service times your Final Compensation. See page 7 for the definition of Final Compensation and Continuous Service.

The following example is for an employee age 50, with 15 years of service:

Final Compensation	$3,500.00
2% x 15 = 30%	x .30
Lifetime Only Disability Benefit	$1,050.00

Maximum Benefit Limitation:
The maximum monthly benefit you will be paid as a disability retiree from *this* Plan is determined by calculating the *normal service retirement* benefit that you *would have received*, as if you were **not** disabled, and had remained continuously employed by the LACMTA until you attained age 63, and retired as a *regular retiree* from the Plan.

If I Receive Disability Retirement Benefits, is There Any Restriction on Outside Wages?

Yes. If you have outside earnings exceeding 50% of your average earnings during the last twelve months of service prior to your retirement (your "12-month average earnings"), your disability benefits will be offset by 50¢ for every $1.00 earned above this amount. The following will not be considered in computing offsets:

> Any earnings after your 63rd birthday will not affect benefits.

> Any income other than employment income shall not be offset against retirement benefits.

If you receive disability payments you are not entitled to receive, those overpayments may be offset against future payments or you may be required to refund overpayments before you continue receiving payments. Disability retirees must furnish to the Pension Committee from time to time information necessary to ascertain earnings. Should you have outside employment, please call the Benefits Office to ask if these limitations apply to you.

Example:
Assume your 12-month average earnings are $3,500. The earnings limitation is $1,750 per month, or $21,000 annually. You are permitted to earn $21,000 annually without any offsets to your disability retirement benefit. Further assume you earn $25,000 in a calendar year. Because the $25,000 you earned exceeds your earnings limitation of $21,000 by $4,000, your annual disability retirement benefit will be reduced by $2,000 (i.e., 50¢ for every dollar you earned over $21,000, or $4,000/2).

What Happens to My Disability Pension if I Return to LACMTA Employment?

It would be rare for an employee meeting the disability retirement standards to return to LACMTA employment. However, if you recover from your disability, you must "apply" to the Pension Committee for reinstatement. The Pension Committee has the authority to approve or deny your request for reinstatement based upon the medical evidence. Should the Pension Committee approve your return to work, your disability pension would be terminated and you would again become a Member of the Plan. When you again retire from the LACMTA, your credited service will be computed by adding your Continuous Service acquired prior to your Disability Retirement to your Continuous Service earned **after** you resume active employment with the LACMTA. The time off work while on disability retirement does NOT count towards Continuous Service.

When Will Disability Retirement Benefits End?

Disability retirement benefits will continue to be paid until you attain age 63. Upon attaining age 63 years, your status as a "disability retiree" will end, at which time you will be considered a "regular retiree" from the Plan. However, the amount of the pension benefit you receive will not change.

What is Considered a Break in Service?

If you quit or your employment ends for any reason, even just for one day, you will have a break in service. If you have a break in service and then return to the LACMTA at a later time, you will be considered a new employee for Plan purposes.

What Happens if I am Laid Off and Later Recalled or Rehired?

If you are recalled or rehired after an involuntary layoff within two years of your layoff date, you can elect to repay the full amount of your refund of contributions and interest you may have received from the Plan, ***PLUS*** the total amount of all employee contributions which you *would have made* to the Plan had you remained employed.

If you elect to make this repayment, you are entitled to receive full Continuous Service credit from your original date of hire, including all of the time you were on layoff. Please see page 3 on repayment of missed contributions. You must make this election within 90 days of your reemployment date.

If you elect **NOT** to make the repayment described above, or you are recalled or rehired more than two years after you were involuntarily laid off, your new Continuous Service credit shall begin after your reemployment date. The service you accrued before the layoff will not count for any purposes under the Plan.

If I am on Leave of Absence, Will This be Considered a Break in Service?

The following leaves of absence will not be considered a break in service and Continuous Service credit will be given to you for the periods noted below, subject to certain limitations defined in the Plan:

> Medical Leave of Absence due to a non-occupational illness/injury – limited to 12 months of service credit

> Medical Leave of Absence due to an occupational illness/injury – limited to 12 months of service credit

> Family Care and Medical Leave – limited to 12 weeks of service credit

> Personal Leave of Absence – limited to 90 days of service credit

> Leave for elected or appointed union officers

> Military Leave during a national emergency

> Bereavement Leave of Absence as defined in the Collective Bargaining Agreement

What if I am Rehired by the LACMTA or Public Transportation Services Corporation (PTSC) After I Retire? (Normal Retirement Benefits)

After a break in service of at least 60 days, you may be rehired by the LACMTA or PTSC. You will then start again in the applicable Plan as a new employee. Working will not affect your pension benefit payment. You will continue to receive your benefit payment each month as you did when you were not working. If you work another ten years at LACMTA or five years at PTSC, you will again qualify for a pension benefit payment from the applicable plan which will be paid in addition to the benefit payment you may be receiving.

Where Can I Get Social Security Information?

You may telephone the Social Security Administration at 800.772.1213 for most of the information you need, including a form to request an estimate of your monthly Social Security benefits, or you may log on to their website at *ssa.gov*. If you are planning to retire under the Social Security option described on page 10, you should call or visit the Social Security office nearest you approximately three months before your planned retirement date.

Is My Pension Subject to Income Tax?

Yes. The amount of pension benefits paid to you is usually considered part of your taxable gross income under the Internal Revenue Service Code. However, because you have already paid the taxes on your contributions, that portion of your benefit is not taxable. For more details, please contact the Internal Revenue Service or your personal tax advisor.

Your pension may also be subject to taxation by the state in which you reside.

May I Assign My Benefits to a Creditor?

No. Borrowing against your benefits or assigning them to satisfy debts is not allowed under the provisions of the Plan. Your benefits or any interest in Plan assets may not be pledged or assigned in any manner nor are they subject to garnishment by any creditor. However, pension payments are subject to any Tax Levy issued by the Internal Revenue Service or any State. Pension payments are also subject to any child support order.

Can the Pension Plan Be Modified?

This Plan may be amended, altered or modified at any time with the consent of the LACMTA and the TCU. However, no amendment, alteration or modification of the Plan shall adversely affect any accrued rights of any employee without corresponding advantages.

Who Administers the Pension Plan?

The Pension Committee administers the Plan except with regard to the investment of Trust Fund assets. This Pension Committee consists of six trustees. Three trustees are appointed by the TCU and three trustees are appointed by the LACMTA. The names of all trustees are listed in the front of this booklet, and may change from time to time.

The Pension Committee has the power to interpret, construe, and apply all provisions of the Plan in accordance with the Plan's language, interpretation, construction and application, and its decisions shall be final and binding on all parties.

What is the Investment Board and What is Its Purpose?

The Investment Board is composed of seven trustees. Three trustees are appointed by the TCU, and four trustees are appointed by the LACMTA. The Investment Board is responsible for the control and safekeeping of the monies in the Trust Fund. It is a requirement of the Plan and the Internal Revenue Code, that the assets of the Plan be maintained in a separate Trust Fund and that the funds are available only to pay retirement or related benefits for Members of the Plan, plus administrative, legal, insurance and investment advisory costs.

How is the Plan Financed?

The Plan is financed largely through LACMTA contributions each month to the Trust Fund created solely to function as a financial reserve to meet present and future obligations to Members, both active and retired. These contributions, together with Member contributions, are carefully invested in various common stocks, preferred stocks, bonds, and other lawful investments to further increase the assets of the fund and the security of future benefits. Investment and reinvestment decisions are made by professional investment firms, which are appointed by and serve at the pleasure of the Investment Board.

The present and future cost of the obligations assumed by the Plan are determined by actuarial valuations. The Pension Committee has an actuarial valuation conducted annually and an investigation into the experience of the Plan is conducted at least once every three years. Based on the results of these studies by an actuary, who is skilled in estimating pension costs based on the ages, employment dates and salaries of a group of people, contributions by the LACMTA and the members are increased or decreased to meet current and future needs. Your Pension Committee employs an actuarial firm on a continuing basis to oversee the soundness of the Plan and to certify the accuracy of individual benefit amounts.

Can the Pension Funds Be Used For Other Purposes?

For as long as the Plan has active participants, retirees and/or beneficiaries receiving monthly pension payments, Trust Fund assets can only be used to provide employees, retirees and beneficiaries with pension benefits. Administrative costs are also paid for with Trust Fund assets.

While the Plan is being maintained for the benefit of employees and retirees, no funds in the Plan shall revert to the LACMTA or be used for or diverted to purposes other than for the exclusive benefit of Members and their beneficiaries under the Plan.

What Should I do if I am Going Through a Divorce or Dissolution of a Registered Domestic Partnership?

Divorces and dissolutions of Registered Domestic Partnerships are very complicated legal actions, so the services of an attorney are highly recommended. This Plan is subject to community property laws of the State of California, but because the LACMTA is a political subdivision of the State of California, the LACMTA is *exempt* from most provisions of certain Federal laws such as the Employee Retirement Income Security Act (ERISA), and the Retirement Equity Act (REA) which require a Qualified Domestic Relations Order (QDRO) in order to divide pension benefits upon a divorce.

If your divorce or dissolution settlement proposes to divide the community property interest in the Plan, it is ***strongly*** advised that the proposed settlement be reviewed by the Benefits Office prior to the finalization of your divorce or dissolution settlement to determine if it is legally possible for the Plan to be bound by the terms of the proposed settlement. The Plan will **not** agree to any settlement that awards a greater than actuarial equivalent benefit to either of the contesting parties, nor a settlement that affects the financial integrity of the Plan.

What is the Address for Legal Service?

The address to serve a joinder or subpoena on the Plan is as follows:

The Los Angeles County Metropolitan Transportation Authority
Transportation Communications Union Retirement Income Plan
c/o LACMTA Board Secretary
One Gateway Plaza
Los Angeles, CA 90012

When are My Monthly Retirement Benefits Paid?

Your monthly retirement benefit is payable on the last day of each month. As a courtesy to retirees, and to insure timely delivery of retirement benefits, checks are mailed directly to your home address on the 25th of each month by the Plan's Trustee, State Street Bank. If the 25th falls on a Saturday, Sunday or holiday, the checks are mailed the following business day. For example, if the 25th falls on a Saturday, and Monday is a holiday, the payment will not be made until Tuesday, the 28th.

You may choose to have your pension payment deposited directly to your checking or savings account in lieu of a check being prepared and mailed. **This option is highly recommended as it is considered safer and avoids delays with mail delivery!** In order to utilize the EFT option, you must complete and return the "Electronic Funds Transfer Authorization for LACMTA Pension Plans" Form (EFT Form) to LACMTA Pension and Benefits.

What Else Do I need to Know about the Lump Sum Option?

The amount of your lump sum payment is a function of three separate items: your closest **age** on your retirement date, the amount of your "**life only annuity**" and the applicable **discount rate** on your retirement date.

Effective January 1, 2000, the discount rate used to determine the actuarial equivalence for the Lump sum will be set not lower than 6.25%. However, if the interest rate on the 30-year Treasury Bond exceeds 6.75%, the discount rate used to determine the actuarial equivalence for the lump sum will be the 30-year Treasury Bond rate less 0.5%, rounded to the nearest 0.25%. The discount rate may change quarterly. The 30-year Treasury Bond rate in effect on the 15th day of the second month immediately preceeding the end of the calendar quarter for which the determination is being made (for example, the February 15th rate would be used to determine the rate for the calendar quarter ending June 30th) shall be utilized. Should the 15th day of the month fall on a Saturday, Sunday, or holiday, the 30-year Treasury Bond rate in effect on the first business day preceding the 15th shall be utilized.

For example: if the 30-year Treasury Bond is at 7.10%, we would first subtract 0.5% from the rate, which equals 6.6%. Next, we would round to the closest 0.25%, resulting in a discount rate of 6.5% which would be utilized to determine the actuarial equivalence for the lump sum benefit.

LUMP SUM CALCULATION TABLE

Age Retirement	45	50	55	60	62	65	70
Discount Rate							
6.25%	159.902	149.743	138.104	124.628	118.686	109.251	93.189
6.5%	155.857	146.249	135.176	122.269	116.551	107.440	91.860
7%	148.296	139.685	129.644	117.787	112.484	103.978	89.305
7.5%	141.377	133.636	124.509	113.595	108.670	100.717	86.880
8.0%	135.028	128.048	119.734	109.670	105.087	97.642	84.578
8.5%	129.188	122.878	115.286	105.988	101.718	94.737	82.389

Example: Employee's monthly life only allowance benefit is $2,188.34 at age 60.
The applicable discount rate is 6.25%
$2,188.34 x 124.628 = $ 272,728.44
The lump sum payment in this case is $272,728.44

The Pension Committee may change the index and formula for establishing the discount rate from time to time.

If on your retirement date you are 62 years, 6 months and 1 day, the Plan will use age 63 to calculate your lump sum payment. If on your retirement date you are 62 years, 5 months and 29 days, the Plan will use age 62 to calculate your lump sum payment. *If all other relevant factors are equal*, an individual age 62 will receive a larger lump sum payment than an individual age 63. This is because an individual age 62 is expected to live longer than an individual age 63.

To calculate a lump sum benefit, you would first calculate your life only annuity amount (applying the $133.33 offset to Final Compensation) and then multiply your life only annuity amount by a factor associated with the applicable discount rate on your retirement date. The actual discount rate table utilizes interest rates down to ¼ of a percent. The table shown above contains a *sample* of factors at various discount rates and ages.

As you can see, as your age **increases**, or the prevailing interest rate **increases**, your lump sum payment will **decrease**.

If you elect the lump sum option, the lump sum distribution from the Plan is subject to 20% income tax withholding (which will be sent to the Internal Revenue Service to be credited against your taxes) unless you make a direct rollover of your distribution to an IRA or another eligible retirement plan. If you do not make a direct rollover of your lump sum distribution amount, you will still be able to rollover all or part of your distribution to an IRA or another eligible retirement plan within 60 days after you receive the distribution. However, because 20% of your lump sum distribution amount will be withheld prior to your receiving the distribution, if you wish to roll over 100% of your lump sum distribution amount you will need to use your own funds to replace the 20% that was withheld. If you roll over only the 80% portion that you received, you will be taxed on the 20% that was withheld.

ADDITIONAL INFORMATION ON THE PLAN

After you become eligible to receive a distribution of benefits, the LACMTA will provide you with more detailed information concerning the 20% income tax withholding requirements and the mechanics of a direct rollover.

Note: Most, if not all, of your employee contributions are made as "after tax" contributions. Inasmuch as you have already paid the tax on those amounts, they are NOT eligible for rollover into your IRA, or another qualified plan, and will be returned to you in a separate check.

Penalty on Certain Early Distributions

If you receive a lump sum distribution from the Plan before age 59-1/2, federal law imposes a penalty (or excise tax) equal to 10% of the amount of the distribution in addition to regular income tax. The 10% penalty is imposed unless one of the following exceptions applies:

> The distribution is rolled over to an individual retirement account or other qualified retirement plan as a direct rollover or within 60 days after you receive it;

> The distribution is made as a result of your termination of employment after reaching at least age 55;

> The distribution is made as a result of your death or disability;

> The distribution is used to pay deductible medical expenses (medical expenses which exceed 7-1/2% of your adjusted gross income); or

> The distribution is made under a qualified domestic relations order.

If you take a Lump Sum, we urge you to discuss this thoroughly with your tax advisor. In a **worst case** scenario, you could pay as much as 56% of your lump sum in taxes.

35%	Marginal Federal Tax Rate
9.3%	California Marginal Tax Rate
10%	Federal penalty for early withdrawal from a qualified Plan
2%	California penalty for early withdrawal from a qualified Plan
56.3%	**TOTAL TAX**

In a **best case** scenario, you may not have to pay any taxes at all, at least not right away. Since your pension benefits come from a "Qualified Plan," you are entitled to "rollover" the entire amount into your **Individual Retirement Account (IRA)**, or other eligible retirement plans such as a **401(k) Thrift Plan**, or **457 Deferred Compensation Plan**. We strongly recommend that you consult a a reputable financial advisor or other expert advice.

If you select the lump sum option, **YOU** become your own "money manager," and must live with the successes or failures of the investment decisions **YOU** are making.

EXAMPLES OF MONTHLY PAYMENTS (LIFETIME ONLY OPTION)

$3,500 — FINAL COMPENSATION

Age at Retirement	55	58	62	65 or older
Years of Service				
10	319.83	397.27	521.83	636.30
15	484.40	592.53	784.43	956.13
20	649.77	791.17	1,043.67	1,275.97
23	1,683.34	1,683.34	1,683.34	1,683.34
25	1,750.67	1,750.67	1,750.67	1,750.67
30	1,919.00	1,919.00	1,919.00	1,919.00
35	2,087.34	2,087.34	2,087.34	2,228.74

$4,000 — FINAL COMPENSATION

Age at Retirement	55	58	62	65 or older
Years of Service				
10	367.33	456.27	599.33	730.80
15	556.80	680.53	900.93	1,098.13
20	746.27	908.67	1,198.67	1,465.47
23	1,933.34	1,933.34	1,933.34	1,933.34
25	2,010.67	2,010.67	2,010.67	2,010.67
30	2,204.00	2,204.00	2,204.00	2,204.00
35	2,397.34	2,397.34	2,397.34	2,559.74

$4,500 — FINAL COMPENSATION

Age atRetirement	55	58	62	65 or older
Years of Service				
10	414.83	515.27	676.83	825.30
15	628.80	768.53	1,017.43	1,240.13
20	842.77	1,026.17	1,353.67	1,654.97
23	2,183.34	2,183.34	2,183.34	2,183.34
25	2,270.67	2,270.67	2,270.67	2,270.67
30	2,489.00	2,489.00	2,489.00	2,489.00
35	2,707.34	2,707.34	2,707.34	2,890.74

SERVICE RETIREMENT ALLOWANCE TABLE — PERCENT OF ADJUSTED FINAL COMPENSATION

Age at Retirement	55	56	57	58	59
Years of Service					
10	9.5 %	10.2 %	11.0 %	11.8 %	12.6 %
11	10.4	11.2	12.1	12.9	13.8
12	11.4	12.3	13.2	14.1	15.1
13	12.4	13.3	14.3	15.3	16.3
14	13.4	14.4	15.4	16.5	17.6
15	14.4	15.4	16.5	17.6	18.9
16	15.4	16.4	17.6	18.8	20.1
17	16.4	17.5	18.7	20.0	21.4
18	17.3	18.5	19.8	21.2	22.6
19	18.3	19.6	20.9	22.3	23.9
20	19.3	20.6	22.0	23.5	25.2
21	20.3	21.6	23.1	24.7	26.4
22	21.3	22.7	24.2	25.9	27.7
<23	22.3	23.7	25.3	27.0	28.9
>23	50.0	50.0	50.0	50.0	50.0
24	51.0	51.0	51.0	51.0	51.0
25	52.0	52.0	52.0	52.0	52.0
26	53.0	53.0	53.0	53.0	53.0
27	54.0	54.0	54.0	54.0	54.0
28	55.0	55.0	55.0	55.0	55.0
29	56.0	56.0	56.0	56.0	56.0
30	57.0	57.0	57.0	57.0	57.0
31	58.0	58.0	58.0	58.0	58.0
32	59.0	59.0	59.0	59.0	59.0
33	60.0	60.0	60.0	60.0	60.0
34	61.0	61.0	61.0	61.0	61.0
35	62.0	62.0	62.0	62.0	62.0
36	63.0	63.0	63.0	63.0	63.0
37	64.0	64.0	64.0	64.0	64.0
38	65.0	65.0	65.0	65.0	65.0
39	66.0	66.0	66.0	66.0	66.0
40	67.0	67.0	67.0	67.0	67.0
41	68.0	68.0	68.0	68.0	68.0
42	69.0	69.0	69.0	69.0	69.0
43	70.0	70.0	70.0	70.0	70.0
44	71.0	71.0	71.0	71.0	71.0
45	72.0	72.0	72.0	72.0	72.0
46	73.0	73.0	73.0	73.0	73.0
47	74.0	74.0	74.0	74.0	74.0
48	75.0	75.0	75.0	75.0	75.0
49	76.0	76.0	76.0	76.0	76.0
50	77.0	77.0	77.0	77.0	77.0

SERVICE RETIREMENT ALLOWANCE TABLE — PERCENT OF ADJUSTED FINAL COMPENSATION

Age at Retirement	60	61	62	63	64	65 or older
Years of Service						
10	13.5%	14.4 %	15.5 %	16.7 %	17.8 %	18.9 %
11	14.8	15.9	17.1	18.3	19.5	20.8
12	16.2	17.3	18.6	20.0	21.3	22.7
13	17.5	18.8	20.2	21.7	23.1	24.6
14	18.9	20.2	21.7	23.3	24.9	26.5
15	20.2	21.7	23.3	25.0	26.7	28.4
16	21.5	23.1	24.8	26.7	28.4	30.3
17	22.9	24.5	26.4	28.3	30.2	32.2
18	24.2	26.0	27.9	30.0	32.0	34.1
19	25.6	27.4	29.5	31.7	33.8	36.0
20	26.9	28.9	31.0	33.3	35.5	37.9
21	28.3	30.3	32.6	35.0	37.3	39.7
22	29.6	31.8	34.1	36.7	39.1	41.6
<23	31.0	33.2	35.7	38.3	40.9	43.5
>23	50.0	50.0	50.0	50.0	50.0	50.0
24	51.0	51.0	51.0	51.0	51.0	51.0
25	52.0	52.0	52.0	52.0	52.0	52.0
26	53.0	53.0	53.0	53.0	53.0	53.0
27	54.0	54.0	54.0	54.0	54.0	54.0
28	55.0	55.0	55.0	55.0	55.0	55.0
29	56.0	56.0	56.0	56.0	56.0	56.0
30	57.0	57.0	57.0	57.0	57.0	57.0
31	58.0	58.0	58.0	58.0	58.0	58.7
32	59.0	59.0	59.0	59.0	59.0	60.6
33	60.0	60.0	60.0	60.0	60.0	62.5
34	61.0	61.0	61.0	61.0	61.0	64.4
35	62.0	62.0	62.0	62.0	62.2	66.2
36	63.0	63.0	63.0	63.0	63.9	68.1
37	64.0	64.0	64.0	64.0	65.7	70.0
38	65.0	65.0	65.0	65.0	67.5	71.9
39	66.0	66.0	66.0	66.0	69.3	73.8
40	67.0	67.0	67.0	67.0	71.0	75.6
41	68.0	68.0	68.0	68.3	72.8	77.5
42	69.0	69.0	69.0	70.0	74.6	79.4
43	70.0	70.0	70.0	71.7	76.4	81.3
44	71.0	71.0	71.0	73.3	78.1	83.2
45	72.0	72.0	72.0	75.0	79.9	85.1
46	73.0	73.0	73.0	76.7	81.7	87.0
47	74.0	74.0	74.0	78.3	83.5	88.9
48	75.0	75.0	75.0	80.0	85.2	90.8
49	76.0	76.0	76.0	81.7	87.0	92.7
50	77.0	77.0	77.6	83.4	88.8	94.6

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metro.net