

**Introduction and General Overview  
of  
The Pension Trust and Pension Contract**

## **Introduction**

### **Formation**

The name of your Pension Plan is the Santa Clara Valley Transportation Authority - Amalgamated Transit Union, Local 265 Pension Plan (formerly called the “Santa Clara County Transit District - Amalgamated Transit Union Pension Plan”). The Pension fund and Pension contract are administered and enforced by the Board of Pensions. The Board of Pensions is composed of seven Trustees, three appointed by the Union, three appointed by VTA, and one jointly appointed by the Union and VTA. The Board oversees, directs, and administers the Pension contract and its funds.

Employees of VTA who are covered by the Collective Bargaining Agreement, and ATU Clerical Members, become members of the Plan by virtue of their employment.

### **Funding**

The funds of the Plan are held in a trust account and are administered by the Board of Pensions. Employees do not contribute to the Plan, and individual employees do not have separate accounts. Payments into the Plan are made by VTA on behalf of VTA employees and the Union on behalf of ATU Clerical Members. Contributions are based on an independent actuary’s determination of the amount required annually to fund the Plan’s liabilities in a sound manner. Contributions are used only for the purpose of funding the vested and unvested liabilities of the Pension Plan.

## **General Information**

The first section of this booklet answers questions commonly asked about the Plan. However, this summary section is subject to the precise wording of the Santa Clara Valley Transportation Authority - Amalgamated Transit Union, Local 265 Pension Plan Document, which is reproduced in the second section of this booklet.

### **How are changes to benefits under the Plan made?**

Changes to benefits under the Plan are the subject of collective bargaining under the Collective Bargaining Agreement between Santa Clara Valley Transportation Authority and ATU, Local 265.

### **Are there any major changes in benefits pending?**

A one-time Early Retirement Window became effective February 2, 2004 for Employee Members ages 50 through 54 with at least 25 years of service. This Early Retirement Window will continue in effect until 75 retirements have been granted, or until February 10, 2008, whichever comes first.

Average Final Earnings has been changed to the higher of either the Periodic Pensionable Earnings received during the highest 78 consecutive pay periods, or the highest three calendar (payroll) years. The years need not be consecutive.

The definitions of Benefit and Eligibility Service have changed for all service that occurs on or after February 16, 2004. Benefit and Eligibility Service now exclude all periods as an Inactive Member who continues to accumulate seniority under the Collective Bargaining Agreement.

### **Where can I find the meaning of technical language?**

Definitions of capitalized words are in Section 1 of the Plan Document, which begins on page 1 of this booklet. These defined terms are shown in **bold type** the first time they appear in this summary. When used in the Plan Document and in this summary, these terms have the specific meanings as defined in the Plan Document.

### **Am I covered under the Pension Plan?**

Members of the Amalgamated Transit Union, Local 265 (the **Union**) are covered by the Plan during any period they are employed by VTA and accumulating seniority under the **Collective Bargaining Agreement (CBA)**. They are also covered during periods of absence where seniority accumulates and in a few other special circumstances. However, they may not be earning Benefit and Eligibility Service.

Clerical employees of the Union employed on or subsequent to 7/1/1997 are also covered under the plan.

### **What benefits can I get?**

The Plan provides retirement benefits, disability pension benefits (for both **Occupational Disability** and **Total and Permanent Disability**), termination benefits, and death benefits. The conditions for receiving a benefit and an example of how each benefit is calculated are described in this booklet.

### **What is the difference between an Active Member and an Inactive Member?**

An **Active Member** is anyone currently employed by and receiving compensation from VTA for work covered by the CBA, or who is a

VTA employee holding seniority in the bargaining unit, on leave under Section 14.1 (a) of the CBA, and performing services for the Union or the International on a full-time basis, or who is a Union member retaining the job duties of his/her VTA classification and at times performing business for the Union during his/her regularly scheduled work hours. Clerical employees of the Union are treated as Active Members for purposes of determining their eligibility for and computing their benefits under the Plan.

**An Inactive Member** is a former Active Member who:

1. Continues to accumulate seniority under the CBA. Under the current CBA, a disabled Inactive Member can remain an Inactive Member for no more than two years; or
2. Is currently employed by VTA or was previously employed by the former County of Santa Clara Transportation Agency in a position that is in the normal line of career advancement from a work classification covered by the CBA; or
3. Is on leave for military service, provided the **Member** returns to active employment within the time prescribed by the Uniformed Services Employment and Reemployment Rights Act.

In this summary, any reference to “Member” includes both Active and Inactive Members, any masculine pronoun includes the feminine, singular expressions include the plural and vice versa.

## **What is the difference between Eligibility Service and Benefit Service?**

**Eligibility Service** is defined in Section 1.12 and determines *whether* you are entitled to benefits. **Benefit Service** is defined in Section 1.05 and determines *how much* that benefit will be. Both Eligibility Service and Benefit Service are measured in complete years.

Eligibility Service is used to determine whether you are eligible for retirement, disability, death, or termination benefits. Generally, prior to February 16, 2004, Eligibility Service includes all your time as an Active or Inactive Member and includes service with a predecessor company if you received credit for seniority with that company as of the **Effective Date** of this Plan. For periods on or after February 16, 2004, your Eligibility Service does not include any period as an Inactive Member who continues to accrue seniority under the Collective Bargaining Agreement (such as when you are off work due to disability or layoff).

Periods of Eligibility Service of less than 10 years are not counted as Eligibility Service, unless you had at least one period of Eligibility Service of 10 or more years.

Periods of Eligibility Service interrupted by a period as an Inactive Member (occurring on or after February 16, 2004) are added together for purposes of determining the 10 years of Eligibility Service.

Benefit Service is used to determine the amount of your benefit. Benefit Service includes all your Eligibility Service except:

1. Any time you were employed by VTA but not covered by the CBA.

2. For all service before February 16, 2004, any time you were an Inactive Member (with the exception of military leave) *unless* you had at least ten years of Benefit Service as an Active Member before you became an Inactive Member. Beginning February 16, 2004 all Inactive periods (with the exception of military leave) are excluded.
  
3. Any time during which you received disability benefits under this Plan.

The following examples illustrate how Eligibility and Benefit Service are calculated:

***Example #1 (pre 2/16/04):** Myrtle is employed from January 1, 1988 through December 31, 2009, a total of 22 years. She becomes an Inactive Member before February 16, 2004, and before reaching 10 years as an Active Member. Therefore, she does not get credit for her period as an Inactive Member.*

<b>Dates of Employment</b>	<b>Dates of Work</b>	<b>Dates of Absence</b>	<b>Total Eligibility Service</b>	<b>Total Benefit Service</b>
1/1/1988 – 12/31/2009	1/1/1988 – 12/31/1991		4 years	4 years
		1/1/1992 – 12/31/1993	2 years	0 years
	1/1/1994 – 12/31/2009		16 years	16 years

Myrtle's total Eligibility Service is 22 years. She gets Eligibility Service credit for her absence because she has one period of 10 or more years of Eligibility Service (1/1/1994 – 12/31/2009).

Her total Benefit Service is 20 years. She does not get Benefit Service credit for her absence because she did not have 10 years of Benefit Service at the time she became Inactive.

***Example #2 (pre 2/16/04):** Myrtle is employed from January 1, 1988 through December 31, 2009, a total of 22 years. She becomes an Inactive Member before February 16, 2004, but after reaching 10 years as an Active Member. Therefore, she gets credit for her period as an Inactive Member.*

<b>Dates of Employment</b>	<b>Dates of Work</b>	<b>Dates of Absence</b>	<b>Total Eligibility Service</b>	<b>Total Benefit Service</b>
1/1/1988 – 12/31/2009	1/1/1988 – 12/31/1998		11 years	11 years
		1/1/1999 – 12/31/2000	2 years	2 years
	1/1/2001 – 12/31/2009		9 years	9 years

Myrtle's total Eligibility Service is 22 years. Her total Benefit Service is also 22 years. She gets Eligibility Service credit for



her absence because she had one period of 10 years of Eligibility Service. She gets Benefit Service credit for her absence because she had 10 years of Benefit Service at the time she became an Inactive Member.

***Example #3 (post 2/16/04):** Myrtle is employed from January 1, 1988 through December 31, 2009, a total of 22 years. She becomes an Inactive Member after February 16, 2004. Therefore, she does not get credit for her period as an Inactive Member.*

<b>Dates of Employment</b>	<b>Dates of Work</b>	<b>Dates of Absence</b>	<b>Total Eligibility Service</b>	<b>Total Benefit Service</b>
1/1/1988 – 12/31/2009	1/1/1988 – 12/31/2004		17 years	17 years
		1/1/2005 – 12/31/2006	0 years	0 years
	1/1/2007 – 12/31/2009		3 years	3 years

Myrtle’s total Eligibility Service is 20 years. Her total Benefit Service is also 20 years. She does not get credit for her absence because she became an Inactive member after February 16, 2004.

## **Retirement**

### **When may I retire?**

If you are age 55 or older and have at least 15 years of Eligibility Service *or* if you are age 65 or older and have at least 10 years of

Eligibility Service, you can retire as soon as you meet the age and service requirements. If you are age 65 or older and have 5 years of Eligibility Service you may retire if the Board of Pensions approves your retirement. Pension benefits are not payable for the month in which you retire, if you retire after the first of the month. Pension benefits are paid at the end of the month, for the current month.

**One-Time Early Retirement Window:** If you are age 50 through 54 and have at least 25 years of Eligibility Service you can retire as soon as you meet the age and service requirements. This applies to the first 75 Employee Members granted retirements under this provision, or February 10, 2008, whichever comes first.

### **How do I go about retiring?**

In order to retire, you must fill out an application form and send it to the VTA Human Resources Department. You can obtain application forms from the VTA Human Resources Department or from the Union. You should submit this application and proof of your birth date at least four months before you intend to retire. You will then be told whether you are eligible to retire and will be given an explanation of the options available to you.

### **How is my retirement pension calculated?**

Your monthly retirement pension is a percentage of your **Average Final Earnings**. The percentage depends on your age and years of Benefit Service when you retire. These percentages are shown in Table 1 at the back of the booklet.

In general, your Average Final Earnings is your average monthly gross earnings from VTA (or the Union, as applicable), including overtime, sick leave and vacation allowance and any other paid time,

during your last 78 consecutive pay periods, or your highest three calendar (payroll) years, as an Active Member, or as an Inactive Member employed by VTA in a position which is in the normal line of career advancement from a work classification covered by the CBA. The three calendar (payroll) years do not have to be consecutive.

### **Calculating Average Final Earnings**

The procedure for calculating your Average Final Earnings can be quite complicated in some cases. However, most employees can get a reasonable estimate of their retirement benefits by referring to their W-2 forms for their highest three calendar (payroll) years, which are usually the three years just prior to retirement.

#### **Example:**

*Myrtle wants to retire March 1, 2004. Her annual salary history looks like this:*

YEAR	W-2 EARNINGS
2001	\$ 46,000
2002	\$ 48,000
2003	\$ 50,000
Total	\$ 144,000

*Her average final earnings are \$4,000 per month.  
(\$144,000 ÷ 36 months = \$4,000)*

## **Sample Retirement Benefit Calculation**

*Myrtle wants to retire at age 60. At the time of her 60th birthday, she will have 20 years of Benefit Service. Her Average Final Earnings (see example above) are \$4,000 per month.*

*Look at Table 1 at the back of the booklet, in the column headed Age 60 on the line for Years of Service 20. When she retires at age 60 with 20 years of Benefit Service, Myrtle will qualify for a monthly pension of 44.0% of her Average Final Earnings. Her monthly pension will be \$1,760 ( $\$4,000 \times .44 = \$1,760$ ).*

*What if Myrtle didn't retire until she was 65 with 25 years of Benefit Service? Her monthly pension would be 60.0% of her Average Final Earnings at age 65.*

## **Can I receive a larger pension until my Social Security benefits begin?**

If you retire before you reach age 65, you may choose an optional pension that provides a larger benefit between the time you retire and the time you become eligible for full Social Security benefits. If you choose to take the larger pension before you reach your Social Security "Full Benefits Age", the pension you receive after your Social Security Full Benefits Age will be reduced. These amounts are determined just like your regular pension, but using different tables of percentages. The percentages for the higher amounts (before your Social Security Full Benefits Age) are based on Table 2, while the percentages for the lower amounts (after your Social Security Full Benefits Age) are based on Table 3. Please note that this option does not provide an allowance for your survivor.

Prior to 1997, the Plan used age 65 as the Social Security Full Benefits Age for all Members. Starting October 1997, the Plan uses

the exact age that you will be eligible for full Social Security benefits. This age is set by federal law and depends on the year you were born. The current full benefits ages are as shown in the following table:

### **SOCIAL SECURITY FULL BENEFITS AGE**

<b>Year of Birth</b>	<b>Full Benefits Age</b>
1937 or earlier	65 years
1938	65 years, 2 months
1939	65 years, 4 months
1940	65 years, 6 months
1941	65 years, 8 months
1942	65 years, 10 months
1943-1954	66 years
1955	66 years, 2 months
1956	66 years, 4 months
1957	66 years, 6 months
1958	66 years, 8 months
1959	66 years, 10 months
1960 and later	67 years

The benefit percentages in Tables 2 and 3 apply “as is” for Members whose Social Security Full Benefits Age is exactly age 65 (that is, Members born in 1937 or earlier). If your Social Security Full Benefits Age is greater than age 65, then the benefit percentages in Tables 2 and 3 will be adjusted downward slightly to reflect the fact that the larger portion is paid for a longer period of time.

*Myrtle does not want to start her Social Security benefits until she is eligible for full Social Security benefits, and she would like a larger*

*pension until then. For this example, we are assuming that Myrtle becomes eligible for full Social Security benefits at age 65. We use Table 2 to calculate pension benefits before age 65 and Table 3 to calculate pension benefits after age 65.*

**Before age 65:** *The percentage from Table 2 is 62.1%. Myrtle's monthly pension between age 60 and age 65 would be \$2,484 ( $\$4,000 \times .621$ ).*

**After age 65:** *The percentage from Table 3 is 32.1%. Myrtle's monthly pension after age 65 would be \$1,284 ( $\$4,000 \times .321$ ).*

*So, instead of receiving \$1,760 a month starting at age 60, Myrtle may elect to receive \$2,484 up to age 65 and \$1,284 plus her Social Security benefits thereafter.*

### **Can my pension be reduced after I retire?**

If you earned a pension, other than from this Plan – for example, CalPERS, San Jose City Lines, or the Western Greyhound Pension Trust – your pension from this Plan will be reduced to the extent that the other pension is based on service over the same period of time as your Benefit Service with this Plan.

The combined amount cannot exceed the highest amount that you could receive from either plan.

### **What happens to my pension when I die?**

Your basic pension (based on Table 1) is paid at the end of each month during your lifetime. If, at the time you retired, you did not select one of several **Survivor Benefit Options** offered to you, no further payments will be made after your death, except that your estate will receive your pension for the month in which you die.

## **What are the Survivor Benefit Options?**

Instead of a basic pension that is paid just during your lifetime (*Option A*), at retirement you can select a Survivor Benefit Option that will provide benefits to your survivors. If you select one of these options, your monthly benefit under Table 1 will be reduced to reflect the fact that your benefit might be continued even after your death.

There are two different types of Survivor Benefit Options. For each option, we will show the amount that our sample Member, Myrtle, would receive if she elected that option. Remember that Myrtle's basic monthly pension from Table 1 (*Option A*) is \$1,760.

Under the *Term Certain* Benefit Options, benefits are guaranteed for a fixed number of months, even if you do not survive that long. If you die during the guaranteed period, your benefit will continue to your beneficiary or your estate for the remainder of the guaranteed period. If you survive to the end of the guaranteed period, your benefit continues for the rest of your life.

There are four Term Certain Benefit Options available under this Pension Plan:

1. *Option B* is a 5-year Term Certain Benefit that guarantees 60 monthly payments. *Under this option, Myrtle would receive \$1,731 per month.*
2. *Option C* is a 10-year Term Certain Benefit that guarantees 120 monthly payments. *Under this option, Myrtle would receive \$1,655 per month.*

3. *Option D* is a 15-year Term Certain Benefit that guarantees 180 monthly payments. *Under this option, Myrtle would receive \$1,551 per month.*
4. *Option E* is a 20-year Term Certain Benefit that guarantees 240 monthly payments. *Under this option, Myrtle would receive \$1,438 per month.*

Under the *Contingent Annuity Benefit Option*, your benefit will continue to be paid to your **Contingent Annuitant** for as long as he or she lives. Your Contingent Annuitant is your legal spouse or registered domestic partner or another dependent you name. There are two types of Contingent Annuitant benefit options available under this Pension Plan: *Standard and Pop-Up*.

Under any of the Contingent Annuity Benefit Options, the amount you receive is less than the basic pension determined under Table 1. The difference is used to pay the cost of the survivor's pension. Under the *Standard* type of option, your benefit remains at the reduced amount even if your Contingent Annuitant dies before you do. Under the *Pop-Up* type of option, if your Contingent Annuitant dies before you do, your remaining benefit payments increase (“pop-up”) to the basic pension amount determined under Table 1.

The amount of benefit continued to your survivor can be either the same as, or one-half of the amount you were receiving when you died. This means that there are a total of four different Contingent Annuity Benefit Options for you to choose from:

1. *Option F-1 – Standard 100% Option.* You can choose an option that will continue to pay your Contingent Annuitant the full amount (100%) of the reduced monthly benefit you received



while you were alive. *Under this option, Myrtle would receive \$1,483 per month, with the full \$1,483 continued to her spouse after her death. If Myrtle's spouse dies before she does, Myrtle's benefit would still remain at the reduced amount of \$1,483.*

2. *Option F-2 – Pop-Up 100% Option.* You can choose an option that will continue to pay your Contingent Annuitant the full amount (100%) of your reduced monthly benefit if you die first. If your Contingent Annuitant dies before you, your benefit would revert to the unreduced retirement benefit amount. *Under this option, Myrtle would receive \$1,426 per month, with the full \$1,426 continued to her spouse after her death. If Myrtle's spouse dies before she does, Myrtle's benefit would return to her basic amount of \$1,760.*
3. *Option G-1 – Standard 50% Option.* You can choose an option that will continue to pay your Contingent Annuitant one-half (50%) of the monthly benefit you received while you were alive. *Under this option, Myrtle would receive \$1,610 per month, with half that amount, or \$805, continued to her spouse after her death. If Myrtle's spouse dies before she does, Myrtle's benefit would still remain at the reduced amount of \$1,610.*
4. *Option G-2 – Pop-Up 50% Option.* You can choose an option that will continue to pay your Contingent Annuitant one-half (50%) of your reduced monthly benefit if you die first. If your Contingent Annuitant dies before you, your benefit would revert to the unreduced retirement benefit amount. *Under this option, Myrtle would receive \$1,576 per month, with half that amount, or \$788, continued to her spouse after her death. If Myrtle's spouse dies before she does, then Myrtle's benefit would return to her basic amount of \$1,760.*

Remember, under any of these Survivor Benefit Options, the amount you receive is less than the basic pension determined under Table 1. The difference is used to pay the cost of the survivor's pension. The actual reductions depend on your age and, for the Contingent Annuitant options, the age of your Contingent Annuitant. In the above examples, we have assumed that Myrtle's spouse was age 65 when Myrtle retired at age 60.

If Myrtle's spouse were age 55 when Myrtle retired at age 60 this would make a significant difference in her benefits. The amounts would change as follows:

1. *Option F-1 – Standard 100% Option. Under this option, Myrtle would receive \$1,328 per month, with the full \$1,328 continued to her spouse after her death. If Myrtle's spouse dies before she does, Myrtle's benefit would still remain at the reduced amount of \$1,328.*
2. *Option F-2 – Pop-Up 100% Option. Under this option, Myrtle would receive \$1,299 per month, with the full \$1,299 continued to her spouse after her death. If Myrtle's spouse dies before she does, Myrtle's benefit would return to her basic amount of \$1,760.*
3. *Option G-1 – Standard 50% Option. Under this option, Myrtle would receive \$1,514 per month, with half that amount, or \$757, continued to her spouse after her death. If Myrtle's spouse dies before she does, Myrtle's benefit would still remain at the reduced amount of \$1,514.*

4. *Option G-2 – Pop-Up 50% Option. Under this option, Myrtle would receive \$1,495 per month, with half that amount, or \$748, continued to her spouse after her death. If Myrtle’s spouse dies before she does, then Myrtle’s benefit would return to her basic amount of \$1,760.*

**What impact will receiving a payoff for sick and vacation have on my pension?**

Assuming that Myrtle was an Operator earning \$25.15/hour at the time she retired and that she had 500 hours of sick leave and 80 hours of accrued and unused vacation at the time she retired, Myrtle would receive a payoff in the amount of \$8,299.50 for her unused leave balances. This payoff would be considered Terminal Earnings and would increase her Average Final Earnings from \$4,000/month to \$4,230.54/month and would have the following impact on her retirement benefits.

<b>OPTION</b>	<b>WITHOUT PAYOFFS</b>	<b>WITH PAYOFFS</b>
Option A	\$1,760	\$1,861
Option B	\$1,731	\$1,831
Option C	\$1,655	\$1,751
Option D	\$1,551	\$1,640
Option E	\$1,438	\$1,521
Option F-1	\$1,483	\$1,568
Option F-2	\$1,426	\$1,509
Option G-1	\$1,610	\$1,702
Option G-2	\$1,576	\$1,667
Option H (before 65)	\$2,484	\$2,627
Option H (after 65)	\$1,284	\$1,358

## Disability

### Who is eligible for disability benefits?

To be eligible for a disability benefit, you must be a Member (Active or Inactive) with at least ten years of Eligibility Service, and be suffering from a disability.

### What is meant by disability?

The Pension Plan recognizes two types of disability, depending on how severe your disability is.

You may be eligible to receive an **Occupational Disability** benefit if you are unable to perform the job for which you were hired, or another job to which you could be transferred.

You may be eligible to receive a **Total and Permanent Disability** benefit if you are unable to work at *any* job.

### How is an Occupational Disability pension calculated?

A monthly Occupational Disability pension is a percentage of Average Final Earnings. The percentage depends only on your years of Benefit Service when you retire for Occupational Disability. These percentages are shown in Table 4. If the resulting monthly Occupational Disability pension is less than \$100, then your pension is increased to \$100 per month.

*If, instead of retiring at age 60, assume Myrtle had become disabled and qualified for an Occupational Disability pension. Her monthly disability pension would be calculated using Table 4. Myrtle's disability pension would be 33.7% of her Average Final Earnings or \$1,348 per month ( $\$4,000 \times .337$ ). Note that Myrtle's disability*

*pension is less than what she would receive if she retired with a service retirement. This often is the case for Members who have been employed for a number of years. Myrtle could choose either the disability or service retirement.*

### **How is a Total and Permanent Disability pension calculated?**

A monthly Total and Permanent Disability pension is generally equal to 50% of Average Final Earnings. If you have less than ten years of Benefit Service, your Total and Permanent Disability pension is 5% of your **Average Final Earnings** for each year of Benefit Service. *For this purpose only, Benefit Service includes years and completed months of service.*

*If Myrtle qualified for a Total and Permanent Disability pension after 20 years of Benefit Service, her monthly pension would be \$2,000 ( $\$4,000 \times .50$ ). On the other hand, if Myrtle had only eight years of Benefit Service at the time she qualified for a Total and Permanent Disability pension, her monthly pension would be calculated as follows:  $8 \text{ years} \times 5\% = 40\%$ . Myrtle's Total and Permanent Disability benefit would be \$1,600 ( $\$4,000 \times .40$ ).*

### **What if I receive disability benefits from another plan?**

Your disability pension may be reduced if you are entitled to disability benefits from any other plans (except Social Security) which were paid for by the Union or VTA. Your disability pension will be reduced so that your total disability benefit from the Plan and the other plans does not exceed 50% of your Average Final Earnings.

### **What if I am disabled before I complete 10 years of Eligibility Service?**

Disability benefits will not be paid until you have completed ten years of Eligibility Service. If you complete 10 years of Eligibility Service, you may be eligible for disability benefits. As explained earlier, the definition of Eligibility Service has changed for all service that occurs on or after February 16, 2004.

If you complete ten years of Eligibility Service you may then be eligible for an Occupational or a Total and Permanent Disability benefit, depending on your disability. Your disability pension will be based on your years of Benefit Service, that is, the number of years you were an Active Member before you became disabled.

### **How do I apply for disability benefits?**

If you believe you are disabled, you may apply to the Board of Pensions for a disability pension by completing an application form and sending it to the VTA Human Resources Department. You can obtain application forms from the VTA Human Resources Department or from the Union. You must include medical evidence of your disability. You may be asked to submit additional medical or other evidence of your disability.

### **When does a disability pension commence?**

If you are eligible, you can receive a disability pension as early as seven months after you become disabled. You must be continuously disabled for at least six months. No disability benefits will be paid until the Board of Pensions determines that you are disabled. Also, no more than one year of retroactive disability pension payments can be made unless approval is given by the Board of Pensions.

### **Can my disability benefits stop or be reduced after I retire?**

Your disability pension generally will stop upon recovery from disability. More details about what happens in different situations following recovery are discussed in the answer to the next question. The Board of Pensions may require you to submit evidence of continued disability. Also, the Board of Pensions may require medical examinations by a physician of its choice, but not more than twice a year, after your disability pension has been approved.

In addition to what can cause your disability pension to stop, there are three ways that your disability pension could be reduced:

1. As described above, disability pension benefits may be reduced by other disability benefits you receive from another plan paid for by VTA or the Union.
2. If you are disabled, under age 62, and are receiving earnings from an occupation similar to your previous occupation with VTA, your benefits may be reduced. These reductions are not being made at present but will be subject to the next CBA.
3. If you are receiving Total and Permanent Disability benefits, it could happen that you recover from your disability enough to be able to work at some jobs, even though you are still unable to perform any job for VTA or the Union. In that case, the Board of Pensions would determine that your disability has changed from a Total and Permanent Disability to an Occupational Disability. Your disability pension would be reduced to the Occupational Disability pension amount.

## **What happens if I recover from my disability?**

As described in the previous answer, your disability pension will generally be paid for as long as you are disabled, and the Board of Pensions may collect medical evidence to show that you continue to be disabled. If the Board of Pensions determines that you are no longer disabled, your disability pension will be suspended. At that point, several things could happen:

1. If you return to work as an Active Member, you resume accruing Eligibility and Benefit Service. If you later take a service retirement benefit or a termination benefit, those benefits will be calculated based on all your years of Benefit Service, including Benefit Service earned prior to disability retirement. This benefit may be smaller than your earlier disability benefit amount.
2. If you return to work as an Active Member, and later become disabled again, your new disability benefit will be based on all your years of Benefit Service, including Benefit Service earned prior to disability retirement, *except* in the following situation:

If your original disability was an Occupational Disability and you suffer a relapse of that previous Occupational Disability within five years of resuming your Eligibility Service, your new disability benefit will be the same amount as your original disability benefit.

3. If the Board of Pensions determines that you are no longer disabled and you meet the age and service requirements, you may apply for a retirement benefit. Your benefit will be based on your Average Final Earnings and years of Benefit Service at



the time you became disabled. This benefit amount may be smaller than the disability benefit amount you were receiving.

No Benefit Service is earned while you are collecting an Occupational Disability or a Total and Permanent Disability pension.

### **What happens to my disability pension when I die?**

Your disability pension is paid for your lifetime, only. All disability benefits stop when you die. Unlike retirement benefits, there are no Survivor Benefit Options available for disability pension benefits.

## **Termination Benefits**

### **Who is eligible for termination benefits?**

Any Member (Active or Inactive) with at least 10 years of Eligibility Service is permanently entitled to a termination benefit when he or she reaches age 65, even if the Member leaves employment with VTA or the Union before becoming eligible for a retirement or disability benefit under the Plan.

A Member who terminates employment before completing 10 years of Eligibility Service forfeits all rights to benefits under this Plan. Such a former Member has *no* entitlement to any portion of the funds of the Plan. All of the moneys deposited to pay for that employee's future benefits will be left in the Plan to help pay for benefits for Members who do complete 10 years of Eligibility Service.

### **Does this mean I can get a pension after completing 10 years of service?**

No. The basic right to a pension benefit is tied to your age *and* years of service. When you terminate, unless you are eligible for a

retirement or disability benefit, you must wait until age 65 to commence your termination benefit.

### **How are termination benefits calculated?**

The monthly pension is equal to a prorated portion of the pension you would have received if you had worked continuously to age 65, based on the tables in effect at the time of separation from employment.

### **Sample Termination Benefit Calculation:**

*Suppose Myrtle terminated employment at age 50 after 10 years of Benefit Service. Suppose that at age 50 her Average Final Earnings were \$4,000 per month. If she had worked to age 65, she would have had 25 years of service, and her benefit percentage (from Table A) would have been 60.0%. Because she terminated before becoming eligible to retire, her benefit percentage is reduced based on her actual years of service:*

*$60.0\% \times (\text{actual service} / \text{service at age 65}) = 60.0\% \times 10 / 25 = 24.0\%$ . Her termination benefit will be \$960 per month ( $\$4,000 \times .240$ ), payable starting at age 65.*

### **How do I apply for termination benefits?**

Once you become eligible, you can apply for a termination benefit by completing an application form and sending it to the VTA Human Resources Department, together with proof of your birth date. You can obtain application forms from the VTA Human Resources Department or from the Union. A letter will be forwarded to you informing you of the amount of benefit you will be entitled to receive and when the benefit will commence.

### **Can my termination benefits be reduced?**

Yes. If you are receiving a pension outside the terms of this Plan - for example, CalPERS, San Jose City Lines, or the Western Greyhound Pension Trust - your termination benefits will be reduced to the extent that the other pension is based on service over the same period of time as your Benefit Service.

### **What happens to my termination benefit when I die?**

Your termination benefit is paid for your lifetime, only. All termination benefits stop when you die. Unlike retirement benefits, there are no Survivor Benefit Options available for termination pension benefits.

## **Death Benefits**

### **What are the death benefits for retirees?**

Unless a Member has elected one of the Survivor Benefit Options, no benefits will be provided in the event of death after retirement. In particular, there are no death benefits for disability retirees or for former Members receiving termination benefits.

### **What are the death benefits for Active and Inactive Members?**

If a Member (Active or Inactive) dies before retiring, the Member's surviving spouse/registered domestic partner will receive a monthly benefit payment -- for life -- if *all* of the following conditions apply:

1. The Member dies after completing 10 or more years of Eligibility Service and
2. The sum of the Member's age plus years of Eligibility Service equals or exceeds 70, and

3. Unless the Member's death is caused by an accident occurring after the date of marriage, the Member must have been married to (or the domestic partner of) the surviving spouse/registered domestic partner for at least one year on the date of death.

### **How is the pre-retirement death benefit calculated?**

The amount of the monthly pension is 50% of the annuity that would have been payable to the Member if the Member had previously elected the Standard 50% Contingent Annuitant Benefit Option (*Option G-1*) and had retired the day before the Member's death. In other words, the surviving spouse/registered domestic partner receives the same amount the spouse/registered domestic partner would have received if the Member had elected the Standard 50% Contingent Annuitant Benefit Option, retired, and then died right away.

*If instead of retiring, Myrtle died at age 60 while an Active Member, after 20 years of Benefit Service, her spouse would receive a monthly pension of \$805, as shown in the Option G-1 example. This amount is calculated as follows:*

*Myrtle's basic benefit would have been \$1,760 (Option A, \$4,000 x .44. (Under Option G-1, this would have been reduced to \$1,610. Her spouse receives one half of this amount, or \$805.)*

### **Do I have to pay for the pre-retirement death benefit?**

Prior to January 1, 1988, Employee Members had to pay for this benefit. The pension or disability benefit that was paid to either the Employee Member or his spouse was reduced by one twenty-fourth (1/24) percent for each month the Employee Member's election of the pre-retirement death benefit was in effect. However, this

reduction does not apply to any Member who is an Employee Member on or after January 1, 1988.

### **What if I die after I terminate, but before I retire?**

There are no pre-retirement death benefits for terminated members. If you terminate, even with ten years of Eligibility Service, and then die before reaching age 65, no benefit will be paid to your surviving spouse or to any other beneficiary.

## **Other Information**

### **How is the Plan administered?**

The Plan contract is enforced and all funds in the Plan are administered by a seven member Board of Pensions. The Union appoints three members, VTA appoints three members, and one is jointly appointed by the Union and VTA.

### **Do I pay for the Plan?**

No. VTA funds the Plan by making contributions to the pension fund. The Union funds the cost of benefits for clerical employees of the Union.

The amount of the contribution is determined with the help of an actuary. An actuary is an independent expert who estimates how much money must be put into the fund each year to pay for benefits provided by the Plan. The actuary uses personnel data, information about the Plan's assets, and the Plan itself to determine the amount of the contribution. No additional contributions are required from employees.

The pension fund is for the exclusive benefit of the Members as a group. Pension funds cannot be used for any other purpose until all liabilities under the Plan have been satisfied.

**What is my interest in the pension fund?**

The pension fund is a group trust. You do not contribute to the fund and you do not have a separate account. If you were to leave before you had completed your 10 years of Eligibility Service, you would forfeit all interest in the fund and all rights to any pension benefit.

**Can I take a loan against my benefits?**

No. The purpose of the Plan is to provide continuing income during your retirement. Except as described in the next question, the benefits cannot be assigned, transferred, encumbered, or otherwise anticipated in any way or subject to any legal process to levy upon or attach for the payment of any claim against you.

**Can my benefits be subject to assignment in case of a divorce?**

If you become divorced or separated, certain court orders could require part of your pension benefit be paid to someone else. This is known as a Domestic Relations Order (DRO). The circumstances under which a DRO is issued depend on individual situations. If you are in the process of separating or divorcing, you should discuss this with your attorney.

## **Spousal Medical Benefits**

### **Who's eligible?**

The Plan provides medical benefits to spouses/registered domestic partners, retired clerical employees of the Union, and widows(ers) meeting eligibility requirements.

### **What's required for a retired clerical employee of the Union to be eligible?**

A clerical employee of the Union must have retired directly from the Union in order to be eligible. Spouses of clerical employees of the Union are not eligible.

### **What's required for a spouse/registered domestic partner to be eligible?**

Your spouse/registered domestic partner must be at least age 55. If your spouse/registered domestic partner is not 55 at the time you retire, your spouse/registered domestic partner becomes eligible upon becoming age 55.

You must be receiving retirement or disability benefits - *not termination benefits* - and you and your spouse/registered domestic partner must have been married (or domestic partners) for the continuous 5-year period immediately preceding the date of your retirement. However, your spouse/registered domestic partner will not be eligible in the following situations:

1. You retired while you were employed by VTA in a position which is in the normal line of career advancement from a work classification covered by the CBA, or

2. You were eligible to retire at the time of your separation from VTA and you elected to postpone receiving your retirement benefits, or
3. You returned to an ATU represented position after a period of Transit Related Employment and did not earn at least 5 years of Eligibility Service in an ATU represented position immediately prior to retirement, or
4. You retired, then returned to work in an ATU represented position but did not earn at least 5 years of Eligibility Service in an ATU represented position immediately prior to your subsequent retirement. If, however, your spouse was previously eligible for spousal medical benefits at the time of your initial retirement, s/he will continue to be eligible.

### **What's required for a widow(er)/surviving registered domestic partner to be eligible?**

An eligible spouse/registered domestic partner who becomes a widow(er)/surviving registered domestic partner continues to be eligible.

Other widow(ers)/surviving registered domestic partners are also eligible. They must be receiving death benefits under the plan, be age 55 or older and not be remarried (or have begun a new registered domestic partnership). Their deceased spouses/registered domestic partners must not have been employed at the time of death by VTA in a position which is in the normal line of career advancement from a work classification covered by the CBA.



**What benefits are paid?**

The plan pays an amount up to the highest premium charged on the post age 65 retiree medical coverages available to retired Members -- *excluding Medicare premiums*. The amount will not exceed the actual amount charged by the medical plan covering the spouse/registered domestic partner or widow(er)/surviving registered domestic partner.

**Is there a choice of medical plans?**

An eligible spouse/registered domestic partner or one who has become a widow(er)/surviving registered domestic partner must be covered under the same medical plan as the deceased Member.

Other eligible widow(ers)/surviving registered domestic partners may choose any medical plan available to new retirees.

**Can benefits be suspended?**

Benefits are suspended if the spouse/registered domestic partner/widow(er)/surviving registered domestic partner is covered by a medical plan as a result of being actively employed (available coverage can not be waived) or is entitled to medical benefits as a retiree.

Spousal benefits resume immediately when the spouse/registered domestic partner/widow(er)/surviving registered domestic partner's situation changes and the reason for suspension no longer exists.

**When do benefits start?**

Benefits begin as soon as the eligibility requirements have been met.

### **How long will benefits be paid?**

Benefits to an eligible spouse/registered domestic partner will stop if there is a divorce or termination of the domestic partnership.

Benefits to an eligible widow(er)/registered domestic partner will stop if there's a remarriage (or commencement of a new domestic partnership for a registered domestic partner).

Otherwise, benefits are payable as long as they are alive.

### **How are the benefits funded?**

Benefits are funded through a trust. VTA transfers deferred wages to the trust equal to 25 cents per hour for all hours of work.

### **Are benefits guaranteed?**

There is no guarantee that these benefits will be permanent. The ability to continue paying benefits will depend entirely on the sufficiency of the fixed contribution rate to the trust and any investment earnings of the trust. There is no provision for supplemental funding if the trust funds are insufficient to pay benefits in full. If an insufficiency occurs, all benefits will be reduced proportionately.

## **Dental and Vision Benefits**

Effective February 8, 1999, in accordance with Part A, Section 5.2 of the Collective Bargaining Agreement, the wage payable was reduced by five cents per hour for all classifications covered by the Agreement, except Bus Operator Trainee and Train Operator Trainee. This amount was increased to ten cents per hour effective 2/5/2001. This amount is contributed to a Retiree Vision and Dental Trust Fund. The fund is to be used for the purposes of providing

Retiree vision care coverage and Retiree dental care coverage. This Vision/Dental Trust Fund shall be administered by the Board of Pensions in the same manner as the Spousal Medical Trust Fund. Clerical employees of the Union are not eligible for Retiree Dental and Vision benefits.