

PENSION PLAN BENEFITS

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HRSA-ILA PENSION PLAN

SUMMARY PLAN DESCRIPTION

There are few goals of greater long range importance to you and your family than providing for retirement security. Since 1950 the Hampton Roads Shipping Association-International Longshoremen's Association (HRSA-ILA) has maintained a pension plan to help its employees provide for that security.

This booklet gives a summary in informal language of the principal features of the Plan.

Highlights of the Plan are on the next page, and are followed by a description of the Plan in more detail. After the Plan description is a series of questions and answers that are aimed at answering questions that are asked most often by

Plan participants. At the end of the booklet are sections on Social Security and Plan administration. Please read this booklet carefully and discuss its contents with your spouse. If any details are not clear or if you have any questions, please feel free to contact the Administrative Office of the Pension Plan.

This description of your Pension Plan summarizes the official Plan documents. We have tried to write this summary in clear, understandable and informal language. However, you should refer to the official Plan documents for more information about your benefits.

In the event of conflict between the information in this summary and the official Plan documents, the Plan documents will govern.

HIGHLIGHTS

Your HRSA-ILA Pension Plan provides you with:

- A monthly income for life when you retire;
- Normal retirement at age 62 or, if later, 5 years after the beginning of the contract year in which your first year of credited eligibility service was earned;
- Early retirement prior to age 62 as soon as your age plus your years of eligibility service add up to 80 or more;
- Disability benefits after reaching age 40 with at least 15 years of eligibility service;
- Benefit Payment Options;
- The right to future pension benefits after five years of vesting service;
- Benefits in the event of your death payable to your surviving spouse under certain conditions;
- Benefits based on credited service up to 45 years.

These important features are explained in more detail on the following pages.

ELIGIBILITY AND ACTIVE PARTICIPATION IN THE PLAN

You will become a Plan member as of the beginning of the contract year in which you complete at least 500 hours of service. A contract year is October 1 of a year through September 30 of the next year. For example, if you complete 500 hours of service during the contract year October 1, 2004-September 30, 2005, your membership in the Plan will begin effective October 1, 2004. Generally, you get credit for each hour of service while you are employed in the longshore industry in the Port of Hampton Roads. (See page 95 for a discussion of what is meant by “employment in the industry.”) If you receive at least 500 hours credits during a contract year you will earn one-half year of Benefit Service. If you receive at least 1000 hours credits you will receive one full year of Benefit Service. If you earn sufficient years of Benefit Service you will become “vested” and become entitled to receive a retirement benefit. (Note: If you do not earn sufficient years of Benefit Service, or if your years of Benefit Service are forfeited under special break-in-service rules described below, then you will not be entitled to receive a retirement benefit for those years).

VESTING SERVICE

This is the service used to determine whether or not you are entitled to a Pension Benefit after you leave employment in the industry. You become vested in the Plan when you have 5 years of eligibility service. You may also become “vested” if you reach your normal retirement date under the Plan, even if you do not have 5 years of Benefit Service (unless your years of service are forfeited under the break-in-service rules).

You are considered a vested terminated participant if, after becoming vested, you complete less than 500 hours of service in each of two consecutive contract years. If you are a vested terminated participant, you are not entitled to disability retirement benefits unless you stopped working as a result of an illness which began before you turned 40 and while you were still employed in the industry. However, your spouse may be eligible to receive a benefit in the event of your death before retirement. Your status as a vested terminated participant will end if you return to work in the industry for at least 500 hours of service in a contract year, and your status as an active participant will be restored as of the beginning of that contract year.

CREDITS TOWARD BENEFIT SERVICE

In addition to receiving credits toward benefit service for your work hours, under certain circumstances you may receive credits during times that you are unable to work, as follows:

- *Work Related Injuries*

Employees who receive temporary total or temporary partial workers' compensation benefits shall receive prorata credit for the purposes of determining eligibility at the rate necessary to continue the employee's benefits at the same level as in the year prior to the accident. You will only receive credits for the weeks you actually receive workers' compensation benefits;

No credit hours are granted for permanent total or permanent partial workers' compensation disability benefits or for lump sum workers' compensation settlements;

- *Military Service*

If you are an eligible employee who qualifies under the Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA"), and you serve in the uniformed services of the United States, you may receive credit under USERRA at the rate of 20 hours per week for the time spent in the uniformed services provided you apply for covered employment in the long shore industry in Hampton Roads in a timely manner (as defined by USERRA) after your separation from military service.

BREAKS IN BENEFIT SERVICE

Any Plan year during which you earn less than five hundred hours of benefit service is considered a break in service.

In determining the amount of your pension benefit and whether you are "vested", Federal law provides that the Plan may consider certain gaps or periods during your work history when, for whatever reason, you did not work a sufficient number of hours (or receive eligibility credits) to get a full or one-half year of Benefit Service. A gap in your continuous service is called a "break in service". You

will have a one year break in service if you complete less than 500 hours of service during the contract year. If you have breaks in service before becoming vested, the service you have earned before the breaks will be forfeited if the number of consecutive breaks in service equals or exceeds five years. If you are rehired after a break in service, your prior Benefit Service may be restored if:

- you complete 500 hours of service or more in a contract year following your rehire; and
- you are rehired before you have five consecutive years of breaks in service.

If you terminate employment after becoming vested but before you become eligible for retirement, you are entitled to a deferred monthly pension. This benefit is based on the benefit formula in effect for the last contract year in which you were credited with a year of eligibility service, unless you have more than two breaks in service in the seven Plan years including or immediately preceding your retirement date. When this occurs your pension benefit will be based on the benefit rate in effect for the last Plan year you earned at least 500 hours of service prior to your breaks in service.

Benefit service lost due to prior breaks in service will not be restored, nor will you receive credits for such periods when you retire.

Note:

If you left employment in the industry before October 1, 1976, or before October 1, 1983, the rules pertaining to breaks in service and restoring prior service that were in effect at the time you left will be used. If your pre-1976 or

pre-1983 service was forfeited at that time due to the break in service rules then in effect, the service will not be counted under the current Plan for any purpose.

Beginning October 1, 1986, a break in service will not occur for one year if you are not at work because:

- you are pregnant;
- you or your spouse gives birth;
- you adopt a child; or
- you need to care for your child for a period of time following birth or adoption.

If you are absent for one of these reasons, you will be credited with eight hours for every day you are absent until you have a total of 500 hours of service for that contract year, including time actually worked. If you already had 500 hours when your absence began, or if crediting eight hours for each day of absence would not have prevented a break, then this rule will be used if necessary to prevent a break from occurring in the following year. You will not receive credit for any purpose other than preventing a break under this rule, and you will only receive the credits required to bring your service to the 500 hours and receive credit for one-half year of Benefit Service. You must notify HRSA-ILA Participant Services if you are away from work due to maternity/paternity leave in order to receive proper credit for this time.

YOUR BENEFIT FORMULA

Your monthly benefit is determined at the time you retire and your application is accepted by the Board of Trustees. For participants retiring on or after 10/1/00 and before September 30, 2007 the retirement benefit will equal \$114.00 for each full year of benefit service earned, plus \$57.00 for each one-half year of benefit service. Years of benefit service disregarded under the Break-In-Service rules will not count towards your Pension Benefit. The maximum benefit is based upon 45 years of service.

Example: Your Benefit Formula

Let's assume you retire after December 1, 2000 at age 62 with 20 1/2 years of benefit service. Your benefit is figured as follows:

**20 full years
of benefit service X \$114.00 = 2,280.00**

Plus

**One half year
of benefit service X \$57.00 = 57.00**

Total monthly benefit \$ 2,337.00

Your lifetime benefit is \$2,337.00 a month. If you predecease your spouse and you have been married for a year or more, your surviving spouse will receive a 50% spouse's benefit (\$1,168.50, using the above example).

Unless you have breaks in service before your retirement, you will receive \$114 per month for each year of service earned through September 30, 2007. Service earned after September 30, 2007 will be paid at \$100 per year of service.

NOTE:
Your monthly retirement benefit may be reduced to your "maximum benefit" authorized under the Internal Revenue Code.

YOUR BENEFIT PAYMENT METHOD

You may choose to receive your retirement benefit by one of the following methods;

Full Monthly Benefit

You may choose to receive 100% of your benefit as a monthly life-time annuity.

Lump Sum Rollover

You may choose to receive 75% of your Pension Benefit monthly and take the 25% lump sum in the form of a rollover into another qualified retirement plan.

Lump Sum

You may choose to receive 25% of your Pension Benefit in the form of a lump sum, and receive the remaining 75% as a monthly benefit.

When you retire you have several options for receiving payment of your retirement benefits. You may receive 100% of your accrued service as a monthly benefit or you may choose to receive 25% of your accrued service in the form of a lump sum with the remainder paid each month.

The 25% Lump Sum Option works this way: When you apply to retire we will compute your monthly benefit based on your years of service times the monthly rate. This is currently \$114.00 per year of service per month. You may choose to split your benefit and receive 75% of it monthly and get the remaining 25% in the form of a lump sum. For example, if you are eligible for a benefit of \$1000.00 per month, you may receive the actuarial present value of a \$250 monthly lifetime benefit immediately, with the remaining \$750 paid each month. Federal law

requires your spouse to consent to your selection of the 25% lump sum option.

You may choose to receive the 25% lump sum as an immediate cash payment or as a rollover to a qualified plan. The amount of tax due on the lump sum will be affected by your age as well as the actual form of distribution. Please note that if you return to work in the industry following your retirement date any lump sum received must be repaid in full, with interest and you will not be permitted to choose a lump sum when you retire again.

Benefit service earned after September 30, 2005 may not be used in calculating the amount of the lump sum.

Actuaries and Life Insurance companies use an approximate 79-year life span in calculating insurance premiums and benefits. Simply stated, the actuarial present value of a \$250 lifetime monthly benefit is the amount of money that would be necessary to invest at your retirement date to pay you \$250 every month until the assumed date of death, at which time the invested balance would be \$0. The amount of the lump sum is affected by your service and age and the interest rate currently in effect for the Plan.

For example, a 50 year old and a 60 year old participant who each have 30 years of service and who choose the 25% Option, will both receive \$2565 in monthly benefits (75% of the \$3,420 normal monthly benefit). The 25% lump sum for the 50 year old is \$162,529.69, and for the 60 year old the lump sum is \$136,871.48. The 50 year old receives a greater amount due to the longer time period the benefit would have been paid if it had been received on a monthly basis.

DEDUCTIONS FROM YOUR PENSION BENEFIT

Certain deductions are made from the total amount of your pension benefit. Federal and state taxes are withheld based on the tax elections you make at the time you apply for retirement. You may change these exemptions to more accurately reflect your tax status at any time. You may wish to change your exemptions if you find you owe a considerable amount of taxes or are getting a large refund check.

Also, there may be times when it is necessary for you to return overpayments of benefits you received from other HRSA-ILA Funds. If you voluntarily authorize us to do so, the Plan will make deductions from your Pension benefit to repay such overpayments. These voluntary deductions cannot exceed 10% of your gross Pension benefit. This is called a “voluntary and revocable assignment.”

The Plan must also make deductions from your retirement benefits where required by law, for example in the case of child support or spousal support orders. However, these will only be honored if they meet the definition of a “Qualified Domestic Relation Order (QDRO)”. If the Pension Plan is served such a document, the Plan will perform a review to determine if the order qualifies for a Qualified Domestic Relations Order status. Either way you will receive letters notifying you the Plan has received these type of documents and whether or not the document qualifies for QDRO status. If you and your spouse are undergoing a divorce, you may wish to request a copy of the Plan’s QDRO Procedures.

If you owe federal or state taxes the federal or state taxing authorities may “levy” your pension benefit in order to collect the taxes. If this happens the Plan must honor such levies.

ELECTRONIC DIRECT DEPOSIT OF YOUR PENSION BENEFIT

The HRSA-ILA Pension Plan offers two methods of payment for your pension benefit. You may receive your monthly check by mail or you may elect to have it electronically deposited to your bank account. Electronic direct deposit is a safe and efficient means of transferring your pension money from the Plan to your bank account. Electronic deposit insures that your monthly pension benefit will be available to you on the opening of business on the first day of each month and there is no chance of your check becoming lost in the mail. A confirmation mailed by the Plan will inform you as to the amount of money as well as verification of where the money was sent. The Plan will accept enrollment to direct

deposit at any time during the year. To enroll in direct deposit simply bring or mail the form included in the Personal Section of this notebook to the HRSA-ILA Participant Services Department. You should expect to wait approximately two months from the time you apply for direct deposit until your first benefit is transmitted directly to your bank.

You may print a Direct Deposit form from www.hrsa-ila.com or you may request one by calling the Interactive Voice Response at (757) 423-3090.

BENEFITS

NORMAL RETIREMENT

Your Normal Retirement Date is the later of:

- the first day of the month immediately following your 62nd birthday; or
- five years after the beginning of the contract year in which you were first credited with a full or one-half year of Benefit Service.

You may apply for normal retirement benefits to begin at any time on or after your Normal Retirement Date.

EARLY RETIREMENT

You may apply for early retirement benefits if your age plus your years of eligibility service add up to 80 or more.

If you have reached age		and have at least this many years of Eligibility Service		you may retire, because these figures add up to
<u> </u>		<u> </u>		<u> </u>
50	+	30	=	80
51		29		80
52		28		80
53		27		80
54		26		80
55		25		80
56		24		80
57		23		80
58		22		80
59		21		80
60		20		80
61		19		80

DISABILITY RETIREMENT

You are entitled to apply for a disability benefit from the Plan if all of the following requirements are met:

- You are totally and permanently disabled;
- Your disability occurs after you have reached age 40 and have completed 15 full or one-half years of Benefit Service;
- You are not a “vested terminated participant”;
- You give the Trustees satisfactory proof of your disability.

You are considered to be totally and permanently disabled if you can no longer work in any job for wage or profit. However, you may work in a job that the Trustees find to be for the primary purpose of rehabilitation and still be considered totally and permanently disabled.

Disability Retirement Benefits are approved by the Board of Trustees after you and your doctor submit written documentation establishing your disability. In most cases the Board will require that your disability be confirmed by a specialist. If approved by the Board, your disability benefit will begin effective the first day of the month following the date you submitted a completed application with all necessary supporting documents. Your benefit will continue for as long as you remain disabled and you are not working. To confirm that you are still disabled, the Board of Trustees require that you receive an annual physical examination from a specialist until you reach age 62. You will not be charged for this physical. Disability Retirement Benefits become classified as Normal Retirement Benefits when you turn age 62 and will continue even if you later recover from your disability. This will have no effect on the amount of your monthly benefit. Disability Retirement Benefits are paid in lieu of any normal or early retirement benefits.

If you receive Workers’ Compensation benefits for temporary total or temporary partial disability after you retire on disability, you will not receive eligibility credits for Plan benefits.

HOW PLAN BENEFITS ARE PAID

The effective date of your pension is the first of the month following the day your pension application with all supporting documentation is received. The approval process for Disability Retirement may take a little longer, however, after the Board of Trustees approves your application, your pension payment will be retroactive to the month following when your completed application and all necessary supporting documentation was received. You may apply for retirement up to 90 days before the actual retirement effective date.

If you are not married when your pension benefits commence, you will receive a monthly retirement benefit for your lifetime only. This is called the lifetime benefit.

If you have been married a year or more when your pension benefits commence, or if you marry after your benefits commence, once you have been married for a full year, your eligible surviving spouse will receive a 50% spouse's benefit, as described below.

SURVIVING SPOUSE BENEFITS

If you are vested and die before retiring, your surviving spouse will be entitled to an automatic surviving spouse benefit beginning on the first day of the month following your death provided both of the following requirements are met:

- you were married a year or longer at the time of your death; and
- you had completed at least 5 years of vesting service.

If you are eligible for normal or early retirement at the time of death and have not incurred a break in service during the Plan year preceding death, your spouse will receive a 50% spouse's benefit at the then current rate. If you are classified as a Vested Terminée, or if you incurred a "break in service" in more than two of the seven Plan years including or immediately preceding your death, your spouse will receive the 50% spouse's benefit at the rate in effect in the Plan year in which you were last credited with eligibility service before the breaks. Your surviving spouse may choose from the options described on page 86 to receive benefits.

If you are vested but not eligible for retirement at the time of your death, your spouse is still eligible for a pension and may choose either of these two options:

- *Payments deferred until you would have reached your earliest eligible retirement date, assuming you had survived*

For purposes of determining your earliest retirement date in this option, Benefit Service is fixed at the number of years you had on the date of death. For example, if you die at age 53 with 22 years of Benefit Service, your spouse will be eligible for a pension in the year when your age plus 22 equals 80, or in this example, when you would have reached age 58 ($58 + 22 = 80$). Of course, benefits may start on your normal retirement date (generally age 62) if that date is earlier than the date when your age plus years of service equals 80. The benefits payable to your spouse will be

figured as if you had retired at that date with a 50% spouse's benefit in effect, but they will be based on your benefit service and the formula in effect when you earned your last full or one-half year of Benefit Service;

- *Payments beginning immediately*
The monthly benefit payable to your spouse will begin in the month following your death, but will be reduced actuarially because of the earlier date at which payments start. The actual benefit amount will be computed by the Plan's actuaries.

Your spouse has ninety days from the date of your death to select one of these options. The Administrative Office of the Plan will explain to your spouse all the options available at the time surviving spouse benefits become payable. There are no benefits payable beyond the death of the member and their eligible, surviving spouse, if any.

APPLYING FOR BENEFITS

When you wish to apply for Pension Plan benefits request an application from HRSA-ILA Participant Services at 1355 International Terminal Boulevard, Norfolk, Virginia 23505-1458, Telephone (757) 457-7090, or by calling the IVR at (757) 423-3090.

Before you are entitled to a benefit, you must fill out an application and submit it to the Administrative Office. You will have to give proof of your date of birth and, if married, your marriage certificate and

spouse's date of birth. If you are disabled, you must have a letter from your doctor providing satisfactory proof of your disability.

RETIREE HEALTH BENEFITS

Effective October 1, 2000, the Plan was amended to add an IRS "Section 401(h) Account" to provide certain health care benefits for the HRSA-ILA Fund retiree's. The following benefits will be offered to retiree's:

- Medicare "Part B" Reimbursement;
- Vision Coverage;
- Dental Coverage.

NOTE:

The Plan will not duplicate health care benefits which are provided by:

the Management-International Longshoremens's Association, AFL-CIO, Managed Health Care Trust Fund ("MILA"); or

the HRSA-ILA Welfare Fund.

The Board of Trustees may modify or terminate benefits provided by the 401(h) Account at any time.

APPEAL OF A DENIED CLAIM

See the Administration Section, page 9, for the procedures for appealing a denied claim.

REEMPLOYMENT

If you elect to receive a Lump Sum and return to work, you will be required to repay the Lump Sum in full, plus interest of 7.5% which is the actuarial expected rate of return on pension assets.

AFTER NORMAL RETIREMENT

If you retire on or after your Normal Retirement Date and are later reemployed in the industry, your pension benefits may be suspended. In addition, you must repay any lump sum benefit received, plus interest. You are not entitled to a pension check for any month in which you have received credit for 40 or more hours of service for working in the industry.

Once you again stop working in the industry, you will receive the same benefit you were getting just before your reemployment. However, you will not be eligible for another lump sum benefit election. Also, if you earn any Benefit Service (at least 500 hours of service) while reemployed, you will receive increased benefits which takes the additional service into account.

AFTER EARLY RETIREMENT

If you take an early retirement but return to employment in the industry prior to your normal retirement date, your pension will stop as of the first day of the month of your reemployment, regardless of the number of hours you worked. You must immediately repay

any lump sum retirement benefits received from the Plan plus interest. No further benefit payments will be made until you again retire and apply for benefits. You will not be eligible for a second lump sum election, however, if you earn any Benefit Service (at least 500 hours of service) while reemployed, you will get an additional benefit which takes that extra service into account.

AFTER DISABILITY RETIREMENT

If you retire because of a disability and are later reemployed in the industry before your Normal Retirement Date, your disability pension will cease as of the first day of such month of reemployment. You must immediately repay any lump sum retirement benefits received from the Plan, plus interest. If you complete at least five full or one-half years of Benefit Service after reemployment, your future pension benefits will be based on the formula in effect when you later terminate employment, taking into account all Benefit Service earned both before and after reemployment.

However, if you complete less than five years of Benefit Service after reemployment, your benefit will be determined in the same manner as if you were rehired after age 62.

NOTE: It is your responsibility to notify HRSA-ILA Participant Services if you are reemployed in the industry. You may also be required to pay back any pension payments made to you for any month in which you were employed. Amounts you do not pay back will be deducted from future pension payments.

REQUIRED DISTRIBUTION DATE

You must begin to receive pension payments no later than your “Required Beginning Date.” Your Required Beginning Date is the later of:

- (1) April 1st following the year in which you reach the age of 70 and six months (70 1/2); or
- (2) the date you retire.

If you continue to work past age 70 1/2 you must begin to receive pension payments on April 1st following the year in which you turned 70 1/2.

BENEFIT LIMITATIONS

MAXIMUM BENEFIT RULE

The Internal Revenue Code establishes the maximum benefits a Plan such as the HRSA-ILA Pension Plan can pay an individual per year. For example, one limit provides that you may not receive an annual retirement benefit that exceeds your average compensation for the three years during which your compensation was the highest. You will be asked to complete a questionnaire as part of your application to retire which will allow the Plan to determine whether these rules effect you. If you are effected, you will be notified and Plan personnel will provide you with any options available to prevent a change to your monthly benefit.

LOSS OF BENEFITS

The following circumstances may result in the loss or reduction of your benefits under the Plan:

- Your termination of employment in the industry prior to your becoming “vested” (see page 82);
- Break in Service.

DISABILITY

Disability benefits will stop if before reaching age 62:

- you recover from your disability. An annual medical examination by a specialist approved by the Board of Trustees is required to satisfy the requirement that you are disabled and are unable to work in regular employment in the industry; or
- you return to work in the industry; or
- you refuse to take a medical examination as requested by the Board of Trustees; or
- you begin working in a job for wage or profit (except a job for rehabilitation purposes that has been approved by the Board).

QUESTIONS OFTEN ASKED ABOUT THE HRSA-ILA PENSION PLAN

How do I know if I'm covered by the Plan?

You are covered by the Plan if you are employed in the longshore industry in the Hampton Roads area and have worked at least 500 hours in the industry during a contract year. Please note that 500 hours will not entitle you to a benefit, it will mean that you are "participating" in the Plan.

What is employment in the industry?

Employment in the industry refers to employment for which contributions are required to be made to the HRSA-ILA Pension Plan on your behalf while you are working for:

- a member of the Hampton Roads Shipping Association in the Hampton Roads area where you are covered by a collective bargaining agreement between the HRSA and the ILA; or
- the ILA as a Union representative or as an employee of HRSA-ILA for whom contributions are made;
- the HRSA-ILA Administrative Office.

What if I work for different employers?

As long as you are working in the industry for an employer who has signed one of the collective bargaining agreements currently in effect between the HRSA and the ILA, you will remain covered by the Plan. However, if you go to work for an employer who is not signatory to the contract then hours worked for that employer will not be covered by the Plan.

A list of employers who are signatory to the Collective Bargaining Agreements is available for inspection at the HRSA-ILA Administrative Office during normal working hours from 8:30 a.m. to 5:00 p.m. You may request in writing a copy of this list and it will be sent to you with a charge to cover the copying costs.

How are my employment records kept?

All of the employers who "are signatory to the Collective Bargaining Agreements" report the hours worked by their employees to the Administrative Office. These hours are recorded and kept on file in the HRSA-ILA computer system.

Are Plan benefits paid automatically after I retire?

No. You must fill out an application form and file it with the Administrative Office of the Plan. Benefits cannot begin until an application is received and the Board of Trustees approves your application. The Plan is required by law, however, to begin your benefits on April 1 in the calendar year following when you reach age 70 1/2 even if you have not applied.

What day of the month will I receive my monthly pension check?

Your monthly retirement check is paid on the first day of each month. If you have signed up for Direct Deposit, your pension payment is electronically transmitted and is in your account on the first business day of the month. If the first of the month is a weekend or holiday, you may have to wait until the first *business day* of the month before your bank gives you access to the funds. No checks will be issued before the first day of the month.

What is the Lump Sum Option?

The Lump Sum is another option available to you to receive your retirement benefits. If you choose the Lump Sum, you will receive the actuarial present value of 25% of your accrued pension benefits as an immediate payment and the remaining 75% paid out each month. If you die before retirement, your surviving spouse may choose the Lump Sum Option. If you are married, Federal law requires that your spouse consent to your selection of a Lump Sum Option because it may affect her or his survivor

benefit. Service earned after September 30, 2005 may not be used in calculating a lump sum.

How do I select the Lump Sum Option?

When you apply to retire you will receive an explanation and calculation of your retirement benefits and the options available to you including an election form to choose the Lump Sum Option. You may elect to receive the Lump Sum as cash, as a rollover to another qualified plan, or a combination of the two. You may find it helpful to discuss these options with your financial planner.

Should I take the Lump Sum Option?

The amount of tax you will owe on a lump sum varies with your age and other factors. You should consult with your financial or tax advisor for help on your benefit options.

When will I receive the Lump Sum?

When you apply for retirement you will receive a description of the Lump Sum Option and an election form. We are required to give you 30 days in which to decide whether you wish to choose the Lump Sum. You may revoke an election once you submit it and request a new election form, however this begins a new 30-day election period. If you do not submit an election within 30 days of your retirement effective date, you will no longer be permitted to elect the Lump Sum Option. You may apply for retirement and request a Lump Sum Election up to 90 days before your retirement date.

If I take early retirement, then return to employment, how will my pension be calculated when I retire the second time?

If you return to work, your second retirement benefit will be exactly the same benefit you received when you retired the first time plus you will receive credit for any additional service you have earned. You will receive credit for only the additional years worked at the benefit rate in effect at the time of your second retirement. For example, if you retire with a monthly benefit of \$700.00, return to work for two full years, then retire for the second time in 2001, you will receive your original benefit of \$700.00 plus credit for two more years.

Your new benefit will equal: $\$700.00 + \228
 $(2 \times \$114.00) = \928.00

Important Note:

If you return to work, you must immediately repay any lump sum retirement benefits received from the Plan, plus interest, and you will not be permitted to elect a lump sum when you retire again.

What happens if I become disabled after I stop working in the industry?

To be eligible for disability retirement you must become disabled while you are actively employed in the longshore industry and meet all of the other requirements listed on page 90.

Can a survivor benefit be paid from the Plan to someone other than a spouse?

No. The Plan provides for survivor benefits to your spouse if you have been married for 12 full months before your death. There are no pension benefits payable beyond the death of the member and their eligible surviving spouse, if any.

SOCIAL SECURITY BENEFITS

During your work career, both you and your employer pay an equal amount of tax on your behalf to the Social Security program. This is to help fund the benefits you receive from Social Security in addition to the benefits you will get from your Pension Plan.

The Plan Administrator does not have any control over Social Security benefits. These are provided and administered by the Federal Government. This section of your pension booklet is meant only to give you a brief introduction to Social Security and should not be relied upon. Your actual Social Security benefits are based on the amount of your earnings that are subject to Social Security taxes. Each year the Social Security Administration sends a statement of your lifetime earnings and estimated social security benefits. If you did not receive one, or if you would like an additional copy, you may go to your local Social Security office or call the number on the following page and request one. You can also request from them a booklet which explains in detail how to figure your Social Security benefits. Social Security benefits do not start automatically; you must apply for them. It usually takes two to three months to process your application.

SOCIAL SECURITY RETIREMENT BENEFITS

You can retire at any time between age 62 and full retirement age. However, if you start benefits early, your benefits are reduced a fraction of a percentage for each month before your full retirement age. If you were born before 1938 unreduced Social Security monthly income benefits are payable when you reach 65 . From the birth years of 1938 through 1959 there is a gradual increase in the full retirement age. If you were born in 1960 or later, your retirement age for full Social Security benefits is 67. You can get more information and view a chart of benefits and reductions for each birth year by accessing the Social Security website @ www.ssa.gov. When your spouse reaches full retirement age he or she will be entitled to a benefit equal to one half of your full retirement amount or, if greater, a benefit based on his or her own work record. Retirement before you reach full retirement age results in a permanently reduced monthly benefit amount.

SOCIAL SECURITY DISABILITY BENEFITS

If you become totally disabled, you and your family may be entitled to Social Security disability benefits. They become payable after you have been totally disabled for five full calendar months.

Your family may be entitled to an additional benefit from Social Security if you have a dependent child under age 18 (under age 19 if a full-time student). If you have no dependent children, your spouse may be entitled to this benefit if he or she is at least age 62.

SOCIAL SECURITY DEATH BENEFITS

Your family may also be entitled to Social Security benefits after your death. Your surviving spouse may be entitled to benefits from Social Security if he or she is at least age 60. Your spouse may be entitled to additional benefits before reaching age 60 if caring for a child under 16 who is eligible for children's Social Security benefits. Additional children's Social Security benefits may be payable if you die and have dependent children under age 18 (under age 19 if they are full-time students).

For important information regarding your benefits from Social Security contact the Social Security Administration office by calling toll free

1-800-772-1213.

The Social Security Administration web site is
www.ssa.gov.

PLAN ADMINISTRATION

ESTABLISHMENT OF THE PLAN

Your Pension Plan is a defined benefit Plan. The Plan is adopted pursuant to the several Collective Bargaining Agreements between the members of the Hampton Roads Shipping Association (“HRSA”) and the International Longshoremen’s Association (“ILA”), copies of which are available for examination in the Plan’s Administrative Office. Copies may also be obtained by the participants of the Plan by written request to the Plan Administrator.

BOARD OF TRUSTEES

The Plan is administered by a Board of Trustees. The Board is made up of seven members appointed by the HRSA and seven members appointed by the ILA. The Board makes the decisions regarding any question, interpretation and application of the Plan provisions and is responsible for seeing that the Plan provisions are applied in a uniform

manner. The Board has the power to amend the Plan.

CONTRIBUTIONS TO THE PENSION PLAN

Your pension benefits are paid to you out of the Pension Plan. Contributions to the Pension Plan are made by the employers based on the Collective Bargaining Agreements with the ILA and are actuarially determined.

ASSIGNMENT OF BENEFITS

For the protection of your interests and those of your dependents, your benefits under the Plan cannot be assigned, and are not subject to garnishment or attachment, except to the extent permitted by law. For example, some or all of your benefits may be assigned under a Qualified Domestic Relations Order to a former spouse, and you may assign a portion of your benefits to repay overpayments from other HRSA-ILA Funds.

PLAN NAME	TRUSTEES	PLAN YEAR	PLAN NUMBER	PLAN ADMINISTRATOR AND ADDRESS
HRSA-ILA Pension Plan	As listed in the Administration Section Page 7	October 1 through September 30	001	Board of Trustees HRSA-ILA Pension Plan 1355 Terminal Blvd Norfolk VA 23505-1458 Phone: (757) 457-7090

Employer Identification Number 54-0506055

PLAN INVESTMENTS

Most of the assets of the Plan are held in trust with the Plan's custodian, which is a bank. The assets are invested by professional investment managers recommended to the Board of Trustees by a qualified investment consultant. Assets are generally invested in common stocks and bonds. From time to time some of the assets of the Plan may be invested in savings and loan associations, insurance contracts, government securities, money market accounts, etc.

FUTURE OF THE PLAN

HRSA-ILA intends to continue the Pension Plan indefinitely, but the Board of Trustees reserves the right to amend or terminate the Plan, or to change the method of providing benefits, if that should ever be necessary or if conditions should change. The Plan is also subject to the continuing approval of the Internal Revenue Service, and may be modified as needed to make or keep the Plan qualified under the Internal Revenue Code.

PENSION BENEFIT GUARANTY CORPORATION

Benefits under the Pension Plan are insured by the Pension Benefit Guaranty Corporation (PBGC), up to certain limitations, if the Plan terminates. Currently the PBGC generally insures normal retirement benefits up to a maximum of \$16.25 a month for each year of benefit service. Certain Disability Retirement Benefits, vested benefits and survivor's pensions are also insured.

However, any increases in Plan benefits which have been in effect for less than five years are not insured. The assets of the trust fund can never be used for any purposes other than for providing benefits and paying reasonable administrative expenses. If, upon Plan termination, there are not enough assets in the trust fund to pay all the benefits to each person entitled to them and if certain benefits are not covered by the PBGC, some employees may receive a smaller benefit than if the Plan had continued.

If the Plan terminates, you will automatically become 100% vested in the benefit you earned as of the Plan's termination date. This is true regardless of how much eligibility service you have in the Plan at that time. The law establishes priorities as to how the pension fund's assets will be used to provide Plan benefits after termination. Assets are used to pay for benefits in the following order, until the assets are used up:

- Benefits will be paid first to those retirees, beneficiaries, or active employees who have actually received (or who could have received) Plan benefits at least three years before the termination date. Benefits in these instances will be based on any Plan provision in effect during the five years prior to termination which would produce the lowest amount. In addition, the maximum for those who have received benefits for at least three years will be based on the lowest benefit payment received during that three-year period;

- Next, all other benefits which are insured by the Pension Benefit Guaranty Corporation will be paid;
- Next to be paid are vested benefits which are not insured by the PBGC and which were vested for reasons other than Plan termination;
- Finally, any other benefits due under the Plan will be paid, provided, of course, that funds are available. These include those benefits which became vested only because of Plan termination.

For more information on the PBGC insurance protection and its limitations, you may contact the PBGC. Inquiries to the PBGC should be addressed to the Office of Communications, PBGC, 2020 K Street, N.W., Washington, D.C. 20006. The PBGC Office of Communications may also be reached by calling (202) 326-4000 or 1-800-400-7242.

You can also access their website @ www.pbgc.gov.

ACCRUED AND VESTED PENSION BENEFITS

You may request in writing a statement of your current status in the Plan. If you make this request, you will be told how much you have earned in the Plan to date (your accrued benefit) and whether or not you have a right to receive this benefit upon reaching your normal retirement age (i.e., whether or not you are vested). If you are not vested, you will be told when you will become vested assuming you continue any necessary employment in the industry. If you request this statement, it will be given to you free of charge, but not more than once a year.

IMPORTANT NAMES AND ADDRESSES

ADMINISTRATIVE OFFICE OF THE PENSION PLAN

- HRSA-ILA Pension Plan
1355 International Terminal Boulevard
Norfolk, Virginia 23505-1458
Phone Number - (757) 457-7090

PLAN SPONSORS

- Hampton Roads Shipping Association
236 E. Plume Street
Norfolk, Virginia 23510
Phone Number - (757) 622-2639
- International Longshoremen's Association
1355 International Terminal Boulevard
Suite 201
Norfolk, Virginia 23505-1458
Phone Number - (757) 440-9420

A complete list of employers and employee organizations sponsoring the Plan may be obtained by the participants and beneficiaries upon written request to the Plan Administrator. This list is also available for examination during regular office hours at 1355 International Terminal Blvd., Norfolk, Virginia 23505-1458.

AGENT FOR SERVICE OF LEGAL PROCESS

- Board of Trustees
HRSA-ILA Pension Plan
1355 International Terminal Boulevard
Norfolk, Virginia 23505-1458
Phone Number - (757) 457-7090

Service of legal process may also be made on any member of the Board of Trustees.

THE HRSA-ILA BOARD OF TRUSTEES MAY TERMINATE, SUSPEND, AMEND OR MODIFY THE PENSION PLAN IN WHOLE OR IN PART AT ANY TIME.

