

AMO Pension Plan: clarification regarding specific provisions of rehabilitation plan

The following clarification is being provided by the AMO Pension Plan to address any confusion that may have arisen regarding some provisions of the rehabilitation plan recently adopted by the trustees of the AMO Pension Plan.

Specifically, the paragraph entitled “Individuals Already Retired” on page three of the rehabilitation plan has raised some questions. That paragraph reads as follows:

Individuals Already Retired

Individuals who retire with monthly benefits from the AMO Pension Plan before January 1, 2010 will not have their benefits reduced or interrupted. Nor will the survivors of deceased participants in the Plan have their benefits reduced or interrupted if their monthly benefits began before January 1, 2010.

The paragraph applies only to individuals who retire before January 1, 2010. In other words, if you have already retired as of January 1, 2010, the rehabilitation plan will have no effect on the monthly pension benefit you are collecting (or your survivors will collect) under the AMO Pension Plan.

For individuals who do not retire before January 1, 2010, the following applies:

- If a member is an active participant, the schedule of benefit reductions will not apply until January 1, 2011. In general, an active participant is a person who has worked at least one day of covered employment in the 12 months preceding the effective date of his retirement, or the effective date of the Rehabilitation Plan, whichever is earlier.

Therefore, any active participant who retires on or after January 1, 2010, and before December 31, 2010, will not be subject to the schedule of benefit reductions that go into effect on January 1, 2011.

As previously communicated, there will be a 60-day grace period following the effective date of the schedule of benefit reductions for active participants who are eligible for a 20-year regular pension as of December 31, 2010, during which these participants may formally retire with a pension effective prior to January 1, 2011, provided that they have a pension application on file with the Plan office as of December 31, 2010.

Also, as previously communicated, we are waiting for a response from the IRS as to whether it will allow an active participant to retire, shelve his or her frozen pension benefit not subject to the schedule of benefit reductions, and continue to work thereby preserving the full value of his or her frozen benefit. We do not expect an answer from the IRS until sometime in 2010.

- If a member is an inactive participant (a person who has not worked at least one day of covered employment in the 12 months preceding the effective date of his or her retirement or the rehabilitation plan) the schedule of benefit reductions will apply as of January 1, 2010.

In addition, there have been some questions regarding which annuity benefit payment options the Plan will retain. The normal forms of pension benefits under the Plan will continue to be the 100 percent joint and survivor annuity for a married participant and the life annuity for a single participant. The Plan will retain the 50 percent joint and survivor annuity, 75 percent joint and survivor annuity, and life annuity options for married participants. However, the 50 percent, 75 percent and 100 percent joint and survivor “pop-up” options will be eliminated for participants who retire on or after July 1, 2010.