

# PENSION FUND NOTES

Volume XII  
Number 2  
Summer 2002

American Federation of  
Musicians and Employers'  
Pension Fund

## afm-epf benefits and market performance

Some of you have contacted the Fund Office to ask how the downturn in the stock market is affecting your pension benefits.

Like all investors in the market, the Fund experiences periodic gains and losses. Because the Fund is structured as a "defined benefit" plan, however, your benefits are determined in accordance with the formula set forth in the plan document and do not change with the Fund's investment returns. Specifically, benefits are determined solely by the contributions made on your behalf and the dollar rate in effect for your age when your pension begins (currently, \$4.65 at age 65, for each \$100 of contributions). The dollar rate that is currently in effect cannot decrease for benefits that you have already earned. Also, if you are currently receiving a monthly pension, the amount of your benefit will continue to be paid at the dollar rate that you are now receiving; it will not change as a result of how the Fund's assets perform in the stock market.

## THINGS YOU SHOULD KNOW

### About the Joint & Survivor Benefit

If you are married when you retire, your benefit will be paid in the form of a Joint & Survivor Annuity with your spouse as your Joint Annuitant. With your spouse's written consent you may name someone else as your Joint Annuitant or you can elect to have your benefits paid as a Life Annuity with Guarantee. The normal form of benefit for an unmarried Participant is the Life Annuity with Guarantee. If you are unmarried when you retire, you can elect to receive your benefits as a Joint and Survivor Annuity, naming a Joint Annuitant of your choice (see below).

When the benefit is paid as a Joint & Survivor Annuity, you will receive monthly pension payments for as long as you live. If your Joint Annuitant is still alive when you die, monthly benefits will continue for his or her lifetime. The amount of the benefit your Joint Annuitant will receive will be one-half of the monthly benefit you were receiving before your death. Several important facts about these Joint & Survivor benefits are not widely known.

#### Who Can Receive the Survivor Portion of the Benefit?

Many plans will provide survivor annuities only to the spouse of a plan participant, but the AFM-EPF permits you to name anyone to receive the survivor portion of the Joint & Survivor Annuity. That person is called the "Joint Annuitant." (Again, if you are married when you retire, your spouse must give written consent for you to name someone else as your Joint Annuitant.)

#### How the Amount of the Benefit is Determined

If your benefit is paid in the form of a Joint & Survivor Annuity, the amount of the benefit you will receive during your lifetime will be reduced actuarially. The reduction depends on the difference between your age and the age of your Joint Annuitant because of the likelihood that benefits will be paid over a longer period of time than if they were payable only during your lifetime. When you are ready to apply for your benefit, the Fund Office will calculate how much your benefit would be reduced if you receive it in the Joint & Survivor form.

*continued on the back page*

# How does the Fund Calculate Pension Benefits Earned by Working Pensioners?

If you retire and begin to receive a pension benefit from the Fund (“Initial Pension”), and then return to covered employment, you will earn an additional monthly pension benefit with respect to your later covered employment (“Additional Pension”) whenever you have \$50 or more of contributions in a calendar year.

The Additional Pension is calculated differently depending on whether it is based on employment before or after you reach age 65.

The following calculation method became effective on January 1, 1996.

## Calculating Additional Pension for Covered Work Before Age 65

If you retire and begin to receive your Initial Pension and then return to covered employment before age 65, the Additional Pension is paid to you at age 65 in any form available to you under the Plan that you elect. The amount of Additional Pension is determined by making calculations under two alternative methods and paying you the higher amount.

### Method 1:

The Fund Office determines what your monthly pension benefit at age 65 would have been if you had not already begun to receive your Initial Pension – that is, based on all contributions credited on your behalf and using the current age-65 rate per \$100 of contributions—and then subtracts both (a) and (b) below from this amount:

- (a) The monthly actuarial equivalent of the total Initial Pension payments that you have received. To determine this actuarial equivalent, the Fund adds together all of the monthly Initial Pension payments (including any increases) that you received through your 65th birthday, and converts this amount into an equivalent monthly benefit payable beginning when you reach age 65. This conversion is made using two actuarial assumptions: (i) an interest rate that changes every April 1 to equal the preceding December’s 30-year Treasury rates (but not more than 7.50%); and (ii) mortality rates set by the Secretary of the Treasury.
- (b) The monthly pension benefit that is being paid to you, consisting of your Initial Pension plus any increases.

Another way of expressing your Additional Pension at age 65 under Method 1 is that it consists of the pension that you would have received had you not retired early (using the age-65 rate and not the lower rate that applied to your Initial Pension), less the value of your Initial Pension.

### Method 2:

The Fund Office determines what your Additional Pension at age 65 would have been under the Fund’s rules in effect before 1996 by adding together the annual increases in monthly payments under those rules (that is, every July 1 after the year in which the Initial Pension began). Under the pre-1996 rules, additional pension payments began each July 1 based on your age as of that July 1 and on contributions of \$50 or more made for covered employment performed during the previous calendar year, as follows:

AGE	PENSION PER \$100 OF CONTRIBUTIONS	AGE	PENSION PER \$100 OF CONTRIBUTIONS
55	\$0.83	61	\$0.95
56	\$0.86	62	\$0.97
57	\$0.87	63	\$0.99
58	\$0.89	64	\$1.02
59	\$0.90	65 or older	\$4.65
60	\$0.92		(effective 1/1/2000)

# Examples

The following examples illustrate the calculations described on the previous page (both calculations assume a Life Annuity with a Guarantee form of benefit). For simplicity, to help you better understand how these calculations work, the examples ignore the ad hoc benefit increases to retirees granted by the Board of Trustees over recent years, although these increases would figure into your benefit determination under Method 1.

## Example 1

### Here are some facts about Carolyn:

Date of Birth: May 15, 1936  
 Early Retirement Date: June 1, 1996  
 Age at Early Retirement Date: 60  
 Contributions through Early Retirement Date: \$185,000

On Carolyn's Early Retirement Date, the age-60 benefit rate was \$3.32, so her Initial Pension was \$6,142.00 per month ( $\$185,000 \div 100 \times \$3.32$ ).

Carolyn turns 65 on May 15, 2001, and is eligible for an Additional Pension beginning June 1, 2001, based on her additional \$32,000 in contributions after 1996 as follows:

Contributions on 1997 earnings:	\$ 4,000
Contributions on 1998 earnings:	\$ 12,000
Contributions on 1999 earnings:	\$ 6,000
Contributions on 2000 earnings:	\$ 10,000
<b>Total</b>	<b>\$ 32,000</b>

The Fund calculates her Additional Pension as follows:

#### Method 1:

The Fund first calculates her age-65 benefit using all of her \$217,000 of contributions ( $\$185,000 + \$32,000$ ) at the \$4.65 rate to be \$10,090.50 per month ( $\$217,000 \div 100 \times \$4.65$ ). The age 65 rate of \$4.65 per \$100 of contributions is effective January 1, 2000.

The Fund next determines the monthly actuarial equivalent of all Initial Pension payments that she already received. From her Early Retirement Date until June 1, 2001, Carolyn received 60 monthly payments of \$6,142.00, or \$368,520.00. With the help of our actuaries, and using the actuarial assumptions described above, the Fund calculates that the payments that Carolyn has already received have a value of \$2,687.00 per month beginning at age 65.

From the total age-65 benefit of \$10,090.50, the Fund now subtracts (a) the value of the benefits Carolyn has already received (\$2,687.00), and (b) her current Initial Pension benefit (\$6,142.00), resulting in \$1,261.50. So, under Method 1, Carolyn's Additional Pension would be \$1,261.50 per month.

#### Method 2:

Under Method 2, the Fund calculates the total monthly benefit increases that Carolyn would have received under the pre-1996 method based on the additional \$32,000 of contributions and adds them together, as follows:

YEAR OF EARNINGS	AGE ON JULY 1 OF FOLLOWING YEAR	ADDITIONAL PENSION FORMULA	ADDITIONAL PENSION
1997	62	$\$4,000 \div 100 \times \$0.97$	\$ 38.80
1998	63	$\$12,000 \div 100 \times \$0.99$	\$ 118.80
1999	64	$\$6,000 \div 100 \times \$1.02$	\$ 61.20
2000	65	$\$10,000 \div 100 \times \$4.65$	\$ 465.00
<b>Total</b>			<b>\$ 683.80</b>

Since Method 1 produces a greater result (\$1,261.50) than Method 2 (\$683.80), Carolyn's Additional Pension at age 65 is \$1,261.50 per month.

*Example 2*

**Here are some facts about Matt:**

Date of Birth: September 15, 1937  
Early Retirement Date: October 1, 1998  
Age at Early Retirement Date: 61  
Contributions through Early Retirement Date: \$160,000

On Matt's Early Retirement Date, the age-61 benefit rate was \$3.66, so his Initial Pension was \$5,856.00 per month ( $\$160,000 \div 100 \times \$3.66$ ).

Matt turns 65 on September 15, 2002, and is eligible for an Additional Pension beginning October 1, 2002, based on his additional \$18,000 in contributions after 1998 as follows:

Contributions on 1999 earnings:	\$ 3,000
Contributions on 2000 earnings:	\$ 4,000
Contributions on 2001 earnings:	\$ 5,000
Contributions on 2002 earnings (through 9/30/2002):	\$ 6,000
<b>Total</b>	<b>\$ 18,000</b>

The Fund calculates his Additional Pension benefit as follows:

*Method 1:*

The Fund first calculates his age-65 benefit using all of his \$178,000 of contributions ( $\$160,000 + \$18,000$ ) at the \$4.65 rate to be \$8,277.00 per month ( $\$178,000 \div 100 \times \$4.65$ ).

The age 65 rate of \$4.65 per \$100 of contributions is effective January 1, 2000.

The Fund next determines the monthly actuarial equivalent of all Initial Pension payments that he already received. From his Early Retirement Date until October 1, 2002, Matt received 48 monthly payments of \$5,856.00, or \$281,088.00. With the help of our actuaries, and using the actuarial assumptions described above, the Fund calculates that the payments that Matt has already received have a value of \$2,050.00 per month beginning at age 65.

From the total age-65 benefit of \$8,277.00, the Fund now subtracts (a) the value of the benefits Matt has already received (\$2,050.00), and (b) his current Initial Pension benefit (\$5,856.00), resulting in \$371.00. So, under Method 1, Matt's Additional Pension would be \$371.00 per month.

*Method 2:*

Under Method 2, the Fund calculates the total monthly benefit increases that Matt would have received under the pre-1996 method based on the additional \$18,000 of contributions and adds them together, as follows:

YEAR OF EARNINGS	AGE ON JULY 1 OF FOLLOWING YEAR	ADDITIONAL PENSION FORMULA	ADDITIONAL PENSION
1999	62	$\$3,000 \div 100 \times \$0.97$	\$ 29.10
2000	63	$\$4,000 \div 100 \times \$0.99$	\$ 39.60
2001	64	$\$5,000 \div 100 \times \$1.02$	\$ 51.00
2002	65	$\$6,000 \div 100 \times \$4.65$	\$ 279.00
<b>Total</b>			<b>\$ 398.70</b>

Since Method 2 produces a greater result (\$398.70) than Method 1 (\$371.00), Matt's Additional Pension at age 65 is \$398.70 per month.

## Calculating Additional Pension for Covered Work After Age 65

If you have covered employment after age 65, the Additional Pension that you earn for any calendar year is calculated very simply by multiplying the contributions credited for covered employment performed during the year by the current age-65 rate.

The Additional Pension is paid to you beginning on the following July 1 in the form of benefit you elected at age 65 (or later) for payment of an Initial Pension or Additional Pension beginning at that time.

This summary is intended to provide a general description of the way the Fund calculates pension benefits earned by working pensioners. The Plan document sets forth the calculations in more detail, and its terms will govern in the event of any inconsistency with this summary. Because the calculations require the assistance of an actuary using the appropriate actuarial factors, participants should not attempt to make their own calculations. Instead, please call the Fund Office for assistance.

# MISSING PERSONS

The Benefits Department does not have a current address or contact number for these participants. If you know anyone on this list, please have them contact the Benefits Department at One Penn Plaza, Suite 3115, New York, NY 19119-3115 or call 800.833.8065.

<u>Name</u>	<u>Last Known Local</u>	<u>Name</u>	<u>Last Known Local</u>	<u>Name</u>	<u>Last Known Local</u>
Arenas, Herman R.	60-471	Fitt, Thomas	47	Nelson, Wesley G.	47
Auer, Jonathan	461	Gardner, Drew A.	4	O'Bryant, Daniel K.	48
Aznarez, Pable Alejandro	802	Gaspar, Paul	802	Ode III, Arthur H.	70-558
Bairos, Jacomo Rafael	802	Graf, Nellie	174-496	Onderwyzer, Rudolph	47
Balogh, Harriet S.	802	Grant, Gary	802	Ortiz, Erasmo	—
Banks, Robert D.	4	Hansford, Kisha D.	—	Pamer, John	47
Barros, Renato Luiz	47	Harris, Jarrard	—	Pansera, Vincente Roberto	802
Bermudez, Jose A.	—	Harris, Michael A.	—	Peck (Spalding), Mary	802
Bernardi, William E.	10-208	Harris, Paul S.	655	Pena, Federico M.	—
Biever, Hinda B.	802	Hatcher, James	4	Peress, Maurice	802
Bing, William	—	Hawkins, Kenny	—	Perry, Richard	10-208
Black, Robert	—	Heckman, Donald	802	Peters, Eddie	5
Boal, Esin	—	Hernandez, Juan A.	—	Picard, Paul	—
Brass, Martin	802	Hess, Greig P.	—	Pomeroy, Irving	9-535
Brooks, Harvey	802	Holguin, Mike	325	Read, Jesse A.	47
Brostman, Ruth	802	Holmes, Richard	—	Remmy, Richard	1
Brubeck, David W.	6	Howard, Harlan	257	Robison, Dave B.	—
Budelman, John	76-493	Huff, Brett H.	47	Rodriguez, Jesus	47
Buster, Edward	10-208	Injeti, Pranam	145	Rodriguez, Manuel	—
Bychkov, Semyon	—	Irvin, Jessie	257	Sanchez, Islar R.	47
Cairns, Robert	99	Isaacs, Steven W.	47	Schermerhorn, Kenneth E.	802
Carter, James	174-496	Kelly, Lynn	—	Sidoti, Raumont	4
Cervantes, Agustin R.	47	King, Joe	—	Soares, Jose De Azere	—
Chaffin, Bruce M.	77	Kissel, Robert	—	Stahly, Antonin K.	—
Chai, Noenoe	677	Klesper, Helmut	10-208	Stamko, John	802
Cheng, Siu-Sing	—	Kling, Taka	—	Stewart, Jason	174-496
Cintron, David	—	Kotake, Ritsu	—	Strahl, Kenneth E.	10-208
Clemente, Francisco J.	—	Lacy, Glenn M.	7	Stringer, Leslie S.	47
Conley, Edwyn	1	Lamoreaux, Barbara C.	4	Tamblyn, Thomas	161-710
Craig, David	65-699	Laxton, Richard K.	—	Tapia, Yvaruma A.	—
Czerwinski, Stanley	10-208	Lilienstein, Arthur	802	Tartak, Marvin	6
David, Gene	47	Loy, Lewis	72-147	Taylor, Norma J.	257
Davidson, Dave	—	Lynch, Daniel L.	—	Thiessen, John	—
Davis, Andrew Frank	—	Maldonado, Angel Cachete	—	Thigpen, Edmund	47
Deanda, Guillermo	47	Marcano, Modesto J.	60-471	Transeau, Brian W.	—
Debiaggi, Emerson L.	9-535	Marracino, Michael A.	60-147	Tufts, Lindsey	4
DeLa Rosa, Gerardo	—	McMillen, Bonnie O.	263	Turner, Johnny	47
Di Renzo, Marcelo	802	Milito, Helcio	802	Whittington, Darren	802
Dittrich, Bette	47	Mooney (Cummins), Juanita	325	Williams, Toby	—
Drummer, Earl	—	Mordenti, Richard	368		
Durigon, Bruno	4	Mule, Gustavo Roberto	802		
Ellams, Eamon John	802				
Elliott, Ernest	47				

# PENSION FUND NOTES

American Federation  
of Musicians and Employers'  
Pension Fund  
One Penn Plaza, Suite 3115  
New York, NY 10119-3115

Address correction requested

Prsrt Std  
U.S. Postage  
**PAID**  
LIC, NY  
Permit No.1018

*Joint & Survivor Benefit continued from the front page*

## The “Pop Up” Feature.

If you begin to receive your benefits in the Joint & Survivor form, and your Joint Annuitant dies within the first 60 months after your benefits began, your monthly benefit amount will “pop up” to the amount that you would have received if you had elected a Life Annuity with Guarantee when you retired. Your monthly benefit will be increased as of the month after your Joint Annuitant’s death, and you will receive the increased amount for the rest of your life.

## The 60-Month Guarantee.

If both you and your Joint Annuitant die within the first 60 months after your benefits began, the remainder of that 60 months of benefits will be paid to a beneficiary that you have named.

The “Pop Up” and 60-Month Guarantee have applied to all Joint & Survivor Annuities since the fall of 1996; the right to name a Joint Annuitant other than a spouse has been available since 1999. If you became a participant in the AFM-EPF because of the merger of the AFM-EPF Staff Pension Plan or the AFM Retirement Plan, you have additional joint and survivor options available to you which are not covered by the “Pop Up” and the 60-Month Guarantee. The Fund Office can answer any questions you may have about the optional forms of benefit that are available to you.

If you are already retired and have any questions concerning whether these features apply to your benefit, or if you need to report the death of your Joint Annuitant or update your designation of a beneficiary to receive the 60-Month Guarantee, please contact the Pension Department at the Fund Office at **1.800.833.8065**.

**pension fund notes** is a publication of the Communications Committee of the American Federation of Musicians and Employers’ Pension Fund. It is published for the benefit of the participants and beneficiaries of the Pension Fund. Additional copies are available upon request. For any questions about the newsletter or your Pension Fund benefits, contact Maureen B. Kilkelly, Executive Director, American Federation of Musicians and Employers’ Pension Fund, One Penn Plaza, Suite 3115, New York, NY 10119-3115, 800.833.8065.

This newsletter does not change or otherwise interpret the official Plan documents. To the extent that any of the information contained in this newsletter is inconsistent with the official Plan documents (which, of course, includes the Trustees’ right to amend or modify the Plan at any time), the Plan documents will govern in all cases. No official (other than the Trustees) has any authority to interpret the Plan, or other official Plan documents, or to make any promise to you about it.



### employer trustees      union trustees

Irving W. Cheskin	Hal Espinosa
J. Nicholas Counter, III	Eugene V. Frey
Arnie Kaplan	Tom F. Lee
JoAnn Kessler	William Moriarity
Marion Preston	David Schwartz
Jeffrey Ruthizer	Melinda Wagner
Norman K. Samnick, Esq.	Ed Ward