

LABORERS' INTERNATIONAL UNION OF NORTH AMERICA

**NATIONAL RECIPROCAL AGREEMENT
FOR PENSION PLANS IN
THE UNITED STATES**

HANDBOOK

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INTRODUCTION

Among the proudest achievements of the Laborers' International Union of North America is the nationwide network of multi-employer pension plans that provide retirement security for our members and their families. More than one hundred pension plans sponsored by this Union pay tens of millions of dollars in retirement benefits every month, while investing billions of dollars to ensure the payment of future benefits to today's workers.

A source of particular pride is our National Reciprocal Agreement for Pension Plans that enables laborers to combine their credits with two or more Laborers' pension plans to earn a pension from each plan. This voluntary nationwide networking of separate Laborers' pension plans frees laborers to move from jurisdiction to jurisdiction as their employment or family circumstances change, without sacrificing their retirement security. This protection has become all the more valuable as the mobility of our membership has increased over the years.

The original National Reciprocal Agreement was drafted in the late 1960s. A revised National Reciprocal Agreement was implemented in 1978 to reflect the overhauling of the national pension laws by the Employee Retirement Income Security Act (ERISA). In 1987, amendments to the revised National Reciprocal Agreement were adopted by vote of the signatory plans.


To promote the effective and uniform administration of the National Reciprocal Agreement, the International Union is issuing this Handbook. We strongly encourage the Trustees and Administrators of all signatory plans to read and use this Handbook.

As always, we encourage input from signatory plans and affiliates on the National Reciprocal Agreement and its administration. Feel free to contact our office.

Fraternally yours,

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General President



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EXPLANATION OF THE NATIONAL RECIPROCAL AGREEMENT

Overview

The National Reciprocal Agreement ("NRA") is designed to help the laborer who, during his working life, earns credit under two or more Laborers' pension funds, which have agreed to and signed the NRA ("Signatory Plans"). Generally speaking, when the laborer retires, he receives a partial (or "pro-rata" or "reciprocal") pension benefit from each of the Signatory Plans under which he earned at least one year of pension credit if his total years of service credit under all of the Signatory Plans satisfied the Plan's vesting rules.

For example: A laborer who earned 8 years of benefit credits from Fund A and immediately thereafter earned 4 years of benefit credits from Fund B would be entitled upon retirement to a partial pension from both Funds because, with 12 years of combined credit, he met the vesting requirements of both Funds. Fund A would pay him a pension based upon his 8 years of pension credit. Fund B would pay him a pension based upon his 4 years of pension credit. The amount of the pension payable by each Fund would depend upon its benefit levels and rules. Note that the laborer probably would not have qualified for any benefit from Fund B, and perhaps not from Fund A, without the NRA.

No contributions, benefits, or other monies are transferred between Signatory Plans at any time. Rather, each Signatory Plan simply provides in its pension plan rules for paying pensions in accordance with the NRA and maintains records sufficient to determine the credit history of any laborer who earned at least one year of benefit credit under the Plan before leaving coverage. In other words, the NRA is a "pro-rata" reciprocal arrangement; not a "money follows the man" arrangement.

Eligibility

A laborer is entitled to a Reciprocal Pension from each of two or more Signatory Plans if he meets each of the following requirements:

1. He must have least one year of Pension Credit with each Signatory Plan from which he seeks a Reciprocal Pension.
2. His Total Pension Credit with all Signatory Plans must be sufficient to qualify him for some type of pension (e.g., normal retirement pension, early retirement pension, disability pension, vested pension) from each Signatory Plan. In other words, if a Signatory Plan were to treat his Total Pension Credit as having been all earned under that Plan, the Total Pension Credit must be sufficient to qualify him for a pension from that Plan.

For example, this requirement is met if 10 years of Pension Credit is needed to earn a normal retirement pension with a Signatory Plan and the laborer has 10 years of Total Pension Credit when his Pension Credit with all Signatory Plans is added together.

3. If he is seeking a Reciprocal Pension based upon age, he must meet the minimum age requirements of each Signatory Plan.

For example, if he is seeking Reciprocal Pensions based upon having attained early retirement age, he must have attained the early retirement age of each Signatory Plan from which he is seeking an early retirement Reciprocal Pension. If he has attained the early retirement age of one Plan but not of the other, he can receive an early retirement Reciprocal Pension from the Plan whose age requirement he satisfies. When he later attains the second Plan's early retirement age, he can begin to receive an early retirement Reciprocal Pension from that Plan.

4. If he is seeking a Reciprocal Pension based upon disability, he must meet the disability definition of each Signatory Plan from which he seeks a disability Reciprocal Pension.

Pension Credit

The NRA uses the term "Pension Credit" to mean the service credit granted under a Signatory Plan's rules for benefit accrual purposes. For some Signatory Plans, benefit accrual credit may be different than vesting credit. The NRA requires only that benefit accrual credit, and not vesting credit, be treated as Pension Credit for purposes of determining a laborer's right to a Reciprocal Pension. The Pension Credit granted by a Signatory Plan is determined by the rules of that Signatory Plan in effect at the time that the service being credited was performed.

The term "Total Pension Credit" is used by the NRA to mean the total of Pension Credits earned by a laborer under all of the Signatory Plans by which he was covered.

For example: If the laborer earned 4 years of Pension Credit under Fund A, 6 years of Pension Credit under Fund B, and 7 years of Pension Credit under Fund C, his Total Pension Credit would be 17 years.

In determining Total Pension Credit, no more than one year of Pension Credit can be counted for any twelve consecutive month period. In a situation where a laborer has partial credits with multiple Signatory Plans for a single twelve month period and those partial credits total more than one year of Pension Credit, the following procedure must be followed to reduce that Pension Credit to one year: first, count the Pension Credit under the Signatory Plan that provides the highest benefit level; then count the partial Pension Credit of the other Signatory Plan(s) in declining order by benefit level until the total of one year of Pension Credit is reached for the twelve-month period.

For example: A laborer may earn one-half of a year's Pension Credit under Fund A, one-half of a year's Pension Credit under Fund B, and one-quarter of a year's Pension Credit under Fund C, all in one twelve-month period. The NRA does not require that the laborer be recognized as having one and one-quarter years of Pension Credit for this period. Rather, the NRA requires only that he be recognized as having one year of Pension Credit for this period. To determine how much Pension Credit each Fund must recognize for this period so that a total of no more than one year of Pension Credit is recognized, Fund A (which has the highest benefit level) first recognizes its one-half year, then Fund B (which has benefit levels higher than Fund C) recognizes its one-half year. Because the total of Pension Credit under Fund A and Fund B for the period is one year, Fund C (which has the lowest benefit level) need not recognize the laborer's one-quarter of Pension Credit for purposes of calculating Total Pension Credit.

Breaks In Service

The NRA is intended to prevent breaks in service as a laborer moves from the coverage of one Signatory Plan into the coverage of another.

Each Signatory Plan has its own rules regarding breaks in covered service under which a laborer could lose credit previously earned under the Plan because he left the Plan's coverage for a period of time or permanently. In applying these rules to determine whether a laborer has incurred a permanent break in service, a Signatory Plan must treat a laborer's Pension Credit under all Signatory Plans as if it was all earned for service under the Signatory Plan making the determination. That is, the Signatory Plan must take into account the laborer's Total Pension Credit. Or, in other words, the Signatory Plan must treat the laborer's credited service as if all Signatory Plans were a single Plan under which all of the laborer's credited service was performed. This is true even if the laborer has left the coverage of all Signatory Plans.

For example: Take a situation of a laborer with the following credited service record under Signatory Plans:

1982-85 Fund A (3 years)
1986-89 Fund B (4 years)
1990-91 No covered service (2 years)
1992-95 Fund C (4 years)

As of 1989, the laborer has 7 years of total Pension Credit (and, therefore, seven years of vesting credit) for purposes of the break in service and vesting rules of both Fund A and Fund B. As of 1996, the laborer has 11 years of Total Pension Credit (and, therefore, 11 years of vesting credit), and he is vested in a Reciprocal Pension from each of the Funds.

Had the laborer left coverage of all Signatory Plans at the end of 1989, his Total Pension Credit would have been 7 years. If Fund A's rules provided for vesting after 5 years of service, the laborer would be vested in a Reciprocal Pension with Fund A. If Fund B, however, required 10 years for vesting (as permitted

under applicable law in 1994), the laborer would not be vested with Fund B under this scenario where he permanently left all coverage in 1989.

Amount, Form & Payment of Pension

The amount of the Reciprocal Pension payable by each Signatory Plan is the benefit amount accrued by the laborer under that Plan's rules.

For example: If the laborer's accrued benefit for his 4 years of Pension Credit under Fund A is \$150 per month, he would receive a Reciprocal Pension benefit of \$150 per month from Fund A. If his accrued benefit for his 11 years of Pension Credit under Plan B is \$400 per month, he would also receive a Reciprocal Pension benefit of \$400 per month from Fund B, for a total of \$550 per month from the two Funds. (Of course, the benefit may be adjusted by a Fund to reflect the form in which the Reciprocal Pension is paid: e.g., an early retirement actuarial reduction may be made.)

As to a particular Signatory Plan, the benefit level in effect at the time that a laborer last earned Pension Credit under that Plan is normally the benefit level to which the laborer is entitled. He is not entitled to benefit increases adopted by the Plan after he left the Plan's coverage unless the Plan's rules provide otherwise.

The form in which a Reciprocal Pension is payable by each Signatory Plan is determined by the rules of each Plan. If a Signatory Plan's rules provide various types of pensions or optional forms of benefits for Reciprocal Pensions, the laborer shall be entitled to elect the type or form of pension in which his Reciprocal Pension will be paid. If a Plan provides that a Reciprocal Pension is payable only in one type (e.g., a normal retirement pension), then the laborer can be required to qualify for that type of pension by that Plan. But, he may qualify for another type of pension (e.g., early retirement) from another Plan.

For example: If the rules of Fund A provide for payment of benefits in the form of a life annuity, or for a set number of months/years, or a lump sum, the laborer shall be entitled to elect among these forms of payment without regard to the form in which he receives his Reciprocal Pension from Fund B. Of course, the laborer must satisfy the Fund rules' conditions for receiving the form of benefit he elects (e.g., spousal consent).

Non-Pension Benefits

The NRA does not require any Signatory Plan to recognize the credit granted under any other Plan for purposes of benefits other than pensions, such as health benefits and death benefits.

Application for Reciprocal Pension

Each Signatory Plan must provide in its rules for the payment of a Reciprocal Pension in accordance with the NRA.

A laborer who wishes to receive a Reciprocal Pension from a Signatory Plan must apply. Specifically, he must obtain an application from the Signatory Plan with which he last earned Pension Credit, complete the application, and submit the application to the Plan in accordance with its rules.

The Signatory Plan that receives an application is required to inquire whether the laborer has Pension Credit with other Signatory Plans. For this purpose, each Signatory Plan's application form should ask one or more questions designed to obtain information about other Signatory Plans with which the applicant-laborer may have Pension Credit. (E.g., many Signatory Plans ask the applicant to list all of the Local Unions in whose jurisdiction he worked.) Even if the applicant-laborer is eligible for a pension from the Signatory Plan receiving his application without regard to his Pension Credit with any other Signatory Plan, the Plan receiving the application must make these inquiries. This is because the applicant-laborer may be entitled to a Reciprocal Pension from other Signatory Plans with which he had fewer years of service. And, this entitlement might go undisclosed if the Plan receiving the application fails to inquire into his service under other Signatory Plans.

The Administrator of the Signatory Plan that first receives the applicant-laborer's application is required to obtain his Pension Credit history from each Signatory Plan, and to provide to each Signatory Plan with which he has Pension Credit a copy of the completed application (or the equivalent information) so that these Plans can process the application under their rules and communicate with the applicant. The date on which the application was submitted to the Signatory Plan first receiving it shall be deemed the date of application for all Signatory Plans from which the applicant-laborer is entitled to a Reciprocal Pension regardless of when a Signatory Plan subsequently receives the application. Any Signatory Plan may require the applicant-laborer to submit additional information regarding his claim.

For example: Take the situation of a laborer who has Pension Credit with Fund A, with Fund B and, most recently, with Fund C. He submits an application for a pension to Fund C and discloses on the application form that he worked in other jurisdictions covered by Fund A and Fund B.

The Administrator of Fund C must obtain the laborer's Pension Credit history from Funds A and B, and provide to those Funds: (1) copies of the completed application (or equivalent information); (2) the date of application; and (3) the laborer's Total Pension Credit (i.e., his Pension Credit with Funds A, B and C). The Administrators of Funds A and B should contact the laborer to advise him that his application is being processed and to request any additional information. The Administrator of each Fund should deal with the applicant-laborer as if he applied directly to each Fund. That is, if Fund B's Administrator needs information from the laborer, he should contact the laborer directly. And, if the laborer has questions about his benefits from Fund B, he should directly contact the Administrator of Fund B.

All Signatory Plans are obligated to promptly provide to other Signatory Plans any information needed to process applications and otherwise implement the NRA. Timely cooperation is essential to the effective administration of the NRA.

Separate Liability

The NRA does not make a Signatory Plan responsible or liable for benefits payable by another Signatory Plan. Rather, each Signatory Plan is solely responsible for the benefits payable from that Plan. Neither laborer nor any other person can claim from one Signatory Plan benefits that are payable from another Signatory Plan.

Any dispute between a laborer and a particular Signatory Plan shall be resolved in accordance with that Plan's claims and appeals procedures. Ordinarily, a dispute between a laborer and one Signatory Plan should not prevent another Signatory Plan from processing and paying the Reciprocal Pension to which the laborer is entitled from it. However, it must be recognized that some disputes may prevent the payment of benefits by any Signatory Plan until the dispute is resolved; such as a dispute with one Signatory Plan over the amount of the laborer's Pension Credit with that Plan. Such a dispute would affect the laborer's Total Pension Credit on which eligibility for a Reciprocal Pension from one or more Signatory Plans may depend.

For example: Take the situation of a laborer who is entitled to an immediate Reciprocal Pension from Fund A, but he has a dispute with Fund B concerning his Pension Credits with that Fund. The dispute is to be resolved under Fund B's dispute resolution procedures by Fund B and the laborer. Fund A should commence payment of its Reciprocal Pension to the laborer, despite his dispute with Fund B, unless that dispute prevents Fund A from determining the laborer's eligibility for a Reciprocal Pension from Fund A. Fund A might be prevented from determining the laborer's eligibility for a Reciprocal Pension if the laborer had less credited service with Fund A than he needs to be vested under that Fund's rules and the laborer needs the disputed Pension Credits with Fund B to meet Fund A's vesting rules.

Other Reciprocal Agreements

The NRA does not modify or cancel any other reciprocal agreement in effect between Signatory Plans if such agreement provides better conditions or benefits than are available under the NRA.

In particular, the NRA does not prevent two Signatory Plans from agreeing to transfer contributions (e.g., "money follows the man") if the Trustees of those Plan decide that such an arrangement would be better for their participants.

The NRA is designed to provide a minimum or safety net for laborers to allow individual Signatory Plans to agree to even more protective arrangements.

NRA Administration

To facilitate the effective implementation of the NRA, the International Union plays a limited role under the NRA. The International Union, acting through its General President:

- receives from each Signatory Plan a signed copy of the NRA;
- receives from Signatory Plans notices of termination or withdrawal from the NRA;
- periodically publishes a list of all Signatory Plans and their addresses; and
- renders non-binding interpretations of the NRA upon written request from a Signatory Plan to foster the voluntary resolution of disputes.

The International Union does not interpret or administer the rules of any Signatory Plan, nor determine any individual's eligibility for benefits or other rights under any Signatory Plan. The International Union is not responsible for any violation of the NRA by any Signatory Plan, and has no obligation to attempt to enforce the NRA against any Signatory Plan which breaches the NRA. The NRA is an agreement by, between, and among all Signatory Plans for the benefit of their participants and beneficiaries.

NRA Disputes

If any dispute between or among Signatory Plans that arises out of, or relates to, the application of the NRA cannot be voluntarily resolved, the dispute shall be resolved through binding arbitration between the disputing Plans. The procedures for invoking arbitration are set forth in the NRA.

**QUESTIONS & ANSWERS ABOUT
THE NATIONAL RECIPROCAL AGREEMENT
FOR PENSION PLANS**

1. **QUESTION:** What benefit funds are eligible to participate in the National Reciprocal Agreement for Pension Plans ("NRA")?

ANSWER: Any pension plan sponsored by LIUNA or by an affiliated Local Union or District Council is eligible to participate in the NRA as a Signatory Plan. This includes labor-management, multi-employer plans maintained under collective bargaining agreements between LIUNA, or Local Unions or District Councils affiliated with LIUNA, and employers. This also includes multi-trade pension funds in which laborers participate pursuant to collective bargaining agreements between LIUNA, or Local Unions or District Councils affiliated with LIUNA, and employers. Defined benefit pension plans as well as defined contribution pension plans ("annuity plans") can participate in the NRA if their Trustees so choose.

2. **QUESTION:** How does an eligible pension fund become a Signatory Plan?

ANSWER: The Board of Trustees of the Plan signs a copy of the NRA and submits it to the International Union, in care of the General President, at 905 16th Street, N.W., Washington, D.C. 20006. Copies of the NRA can be obtained from the same office.

3. **QUESTION:** How can one learn what pension funds are Signatory Plans?

ANSWER: Periodically (at least annually), the International Union publishes a list of Signatory Plans and addresses in the Union's magazine, **The Laborer**. In addition, any interested person can obtain an updated list of Signatory Plans upon request to the International Union.

4. **QUESTION:** What are the responsibilities of a Signatory Plan under the NRA?

ANSWER: The primary responsibilities of a Signatory Plan are:

- (1) to provide in its plan rules for the payment of a partial pension -- a Reciprocal Pension -- based upon the benefits accrued for accredited service under the Plan and taking into account (for vesting and break in service purposes) a participant's credited service with other Signatory Plans;
- (2) to, upon receipt of a pension application, inquire into the applicant's Pension Credit history with other Signatory Plans, and provide copies of the completed

application (or equivalent information) to other Signatory Plans with which the applicant has Pension Credit so that they can determine his eligibility for a Reciprocal Pension from them as well; and

- (3) to cooperate with all other Signatory Plans in effectively and efficiently implementing the NRA.

5. **QUESTION:** Is a Signatory Plan responsible or liable for any benefits earned under another Signatory Plan?
ANSWER: No. A Signatory Plan is liable only for benefits accrued under that Plan. The credit earned under other Signatory Plans is used only for determining whether a participant is vested in his accrued benefit or has incurred a credit-cancelling break in service.
6. **QUESTION:** Is a Signatory Plan liable for any debts or obligations of another Signatory Plan?
ANSWER: No.
7. **QUESTION:** Is a Signatory Plan responsible or empowered to interpret the rules of another Signatory Plan?
ANSWER: No.
8. **QUESTION:** Are the Trustees of a Signatory Plan fiduciaries with respect to another Signatory Plan?
ANSWER: No. The Trustees of one Plan have no discretionary authority or responsibility with respect to another Plan.
9. **QUESTION:** Who determines whether an applicant is eligible for a Reciprocal Pension from a particular Signatory Plan?
ANSWER: The Board of Trustees of the Plan is responsible for determining eligibility for a Reciprocal Pension from the Plan. This determination is based upon the rules of the Plan, as amended to provide for Reciprocal Pensions in accordance with the NRA. Any dispute between a participant and a particular Signatory Plan over his eligibility under the Plan's rules is to be resolved under the Plan's claims and appeals procedures.

10. QUESTION: How does a participant qualify for Reciprocal Pensions from Signatory Plans?

ANSWER: A participant is entitled to a Reciprocal Pension from each of two or more Signatory Plans if he meets each of the following requirements:

- (1) He must have at least one year of Pension Credit with each Signatory Plan from which he seeks a Reciprocal Pension.
- (2) His Total Pension Credit with all Signatory Plans must be sufficient to qualify him for some type of pension (e.g., normal retirement pension, early retirement pension, disability pension, vested pension, service pension) from each Signatory Plan from which he is seeking a Reciprocal Pension.
- (3) If he is seeking Reciprocal Pensions based upon age, he must meet the minimum age requirements of each Signatory Plan from which he is seeking such a Reciprocal Pension.
- (4) If he is seeking Reciprocal Pensions based upon disability, he must meet the disability definition of each Signatory Plan from which he seeks such a Reciprocal Pension.

11. QUESTION: What are the meanings of "Pension Credit" and "Total Pension Credit?"

ANSWER: For purposes of the NRA, "Pension Credit" is the service credit granted under the Signatory Plan's rules for benefit accrual purposes. For some Signatory Plans, benefit accrual credit may be different than vesting credit. Plans often vary in how much covered service (e.g., hours) they require for a year of Pension Credit or a partial (e.g., one-quarter, one-half of a year) Pension Credit.

"Total Pension Credits" means the total of Pension Credits earned by a participant under all Signatory Plans, except that no more than one year of Pension Credit can be considered for any twelve consecutive month period. If a participant has partial credits with two or more Signatory Plans for a twelve month period that total more than one year of Pension Credit, the NRA provides a procedure for determining which partial credits are taken into account so that only one year of Pension Credit is awarded for that period.

12. QUESTION: How does the NRA affect breaks in service?

ANSWER: Each Signatory Plan is required to consider a participant's Total Pension Credit -- the sum of his Pension Credits with all Signatory Plans -- at the time of determination in

determining whether the participant incurred a credit-cancelling break in service under the Plan's rules.

13. QUESTION: How is the benefit level and form of a Reciprocal Pension determined?

ANSWER: The amount and form of Reciprocal Pension payable by each Signatory Plan is determined under the Plan's rules and based on the participant's accrued benefit with the Plan. The amount of the Reciprocal Pension payable by each Plan will vary according to the length of the participant's credited service with the Plan as well as according to the Plan's benefit schedule and actuarial reduction factors, and perhaps other considerations. Similarly, the form of the Reciprocal Pension (e.g., life annuity, joint and survivor annuity, lump sum) may vary from Signatory Plan to Signatory Plan according to each Plan's rules.

14. QUESTION: How is a Reciprocal Pension calculated by a Signatory Plan?

ANSWER: First, the Signatory Plan adds up all of the applicant's Pension Credits with all Signatory Plans -- his Total Pension Credit. This Total Pension Credit is then used to determine whether the applicant is vested in his accrued benefit with the Plan and is otherwise eligible for a pension from the Plan. If he is vested and otherwise eligible, the Plan calculates his pension based upon his accrued benefit with that Plan, making any adjustments that may be required by the Plan's rules (e.g., reduction for early retirement, reduction for joint and survivor annuity). Of course, a Plan can pay a better benefit than the participant's accrued benefit if it chooses to do so and its rules permit such payments.

15. QUESTION: Is the payment of a Reciprocal Pension automatic or does a participant have to apply in order to receive a benefit?

ANSWER: The payment of a Reciprocal Pension is not automatic. A participant must be eligible and apply for a Reciprocal Pension in order to receive the benefit. A participant who wishes to apply should obtain an application from a Signatory Plan with which he has Pension Credit, complete the application, and submit it to the Plan. The Administrator of the Plan receiving the application must then inquire into the applicant's Pension Credit history with the other Signatory Plans in whose jurisdiction the applicant has worked. This Administrator must also provide to the Signatory Plans with which the applicant has Pension Credit a copy of the completed application (or

equivalent information) and any other available information needed by those Plans to process the application under their rules as well (using the date on which the application was submitted to the first Plan as the application date).

16. QUESTION: What are the obligations of a Signatory Plan that receives an inquiry from another Signatory Plan about a participant's Pension Credit history?

ANSWER: The Plan receiving the inquiry must promptly provide the Pension Credit history and request that the inquiring Plan send a copy of the application and of the applicant's Pension Credit history so that it, too, can process the application under its rules and communicate directly with the applicant.

17. QUESTION: Can a Signatory Plan pay a Reciprocal Pension without waiting for other Signatory Plans to determine the applicant's eligibility?

ANSWER: Yes. Indeed, a Signatory Plan should commence a Reciprocal Pension once it has determined that the applicant is eligible under that Plan's rules (as amended to provide for payment of a Reciprocal Pension in accordance with the NRA). The only circumstance where a Signatory Plan should have to wait on another Plan is where the applicant's Total Pension Credit is needed to determine his eligibility and the applicant's Pension Credit with another Signatory Plan is in dispute or is not yet available.

18. QUESTION: Can a participant receive a Reciprocal Pension in one form (e.g., joint and survivor) under one Signatory Plan and in another form (e.g., lump sum) from another Plan?

ANSWER: Yes. The Reciprocal Pension awarded by one Signatory Plan is independent of the Reciprocal Pension paid by another Plan. The form may vary from Plan to Plan depending upon each Plan's rules.

19. QUESTION: Will an eligible participant receive separate benefit checks from each Signatory Plan from which he is entitled to a Reciprocal Pension?

ANSWER: Yes. Each separate Signatory Plan is responsible for processing the participant's application and paying the benefits to which he is entitled directly to the participant.

- 20. QUESTION:** If one Signatory Plan suspends a Reciprocal Pension because the pensioner has returned to covered employment or for other reasons, are the other Signatory Plans, which are paying Reciprocal Pensions to the pensioner required or permitted to suspend their payments, too?
- ANSWER:** The suspension of a Reciprocal Pension by one Plan does not require any other Plan to suspend its payments. Nor would any other Plan be permitted to suspend its payments unless its rules and applicable law permitted such a suspension. For example, a pensioner's return to employment covered by one Signatory Plan may not alone be legal cause for another Signatory Plan to suspend its benefits.
- 21. QUESTION:** If a Signatory Plan increases benefit levels after the participant has left coverage of the Plan, does the Plan have to extend those increases to the participant when it later awards his Reciprocal Pension?
- ANSWER:** No. The NRA requires only that the participant's Reciprocal Pension be based upon the benefit levels in effect when the participant last earned credited service under the Plan. Of course, the Plan may voluntarily extend benefit increases to such a participant. And, some Plans' benefit increase amendments may be written to have this effect.
- 22. QUESTION:** Take the situation where a participant leaves the coverage of a Signatory Plan and, some years later, returns to the Plan's coverage and leaves coverage again before applying for a Reciprocal Pension. Must the Plan credit all of his service (before and after the break) according to the benefit level in effect when he left coverage the second time?
- ANSWER:** No. The NRA does provide that the benefits payable by a Plan shall be computed at the benefit level in effect at the time that the participant last earned Pension Credit under the Plan. But, that provision is not intended to require that the participant's pre-break service be credited at the same benefit level as was in effect when the participant left Plan coverage the second time. The NRA provision was intended to mean that benefit increases granted after a participant leaves Plan coverage need not be extended to the participant for NRA purposes.

A proper application of the NRA to the situation described in the question would be that the benefit schedule in effect when the participant first left Plan coverage would apply to the pre-break service and the benefit schedule in effect when the participant left coverage the second time would apply to the service credit earned after he returned to the Plan from his break. Of course, the Plan's rules could voluntarily provide for extending the higher benefit levels to all of the participant's Pension Credits, whenever earned.

To the extent that a Signatory Plan has different benefit levels for various years, or even for each year, those benefit levels would apply according to the Plan's rules. And, the benefit level in effect when the participant left coverage would not apply uniformly to previously earned credits. Again, the NRA's rule was merely intended to prevent Plans from being required to apply benefit increases to participants who had left Plan coverage before the increases.

- 23. QUESTION:** Does the NRA require reciprocity as to benefits other than pensions?
- ANSWER:** No. The NRA applies only to pensions. It does not require any Signatory Plan to credit service under another Plan for purposes of non-pension benefits like death benefits or retiree health insurance. Of course, a Signatory Plan could voluntarily grant credit for service under other Funds for purposes of non-pension benefits.
- 24. QUESTION:** Is there any standard language that Signatory Plans must include in their plan rules to implement the NRA?
- ANSWER:** No. Unlike the pre-1978 version, the current NRA does not require Signatory Plans to adopt standard plan language. Each Signatory Plan must provide in its plan rules for payment of a Reciprocal Pension in accordance with the NRA, but the specific language of the provision is to be decided by each Plan's Board of Trustees. This reflects the fact that the style and definitions used in plan rules vary from Plan to Plan, and standard language would misfit some Signatory Plans, leading to confusion and unintended consequences.

25. **QUESTION:** Does the NRA require a Signatory Plan to transfer any contributions, benefits, or other money to another Plan?
- ANSWER:** No. The NRA is a "pro-rata" reciprocity arrangement, not a "money follows the man" arrangement. Each Plan merely pays from its assets the benefit accrued under its rules when the participant becomes eligible for a Reciprocal Pension.
26. **QUESTION:** How does the NRA apply to pre-retirement survivors benefits?
- ANSWER:** The NRA was written and last revised before federal law required pension plans to provide benefits to the spouses of vested participants who die before retirement. The NRA does not specifically require that a participant's Total Pension Credit be taken into consideration by a Signatory Plan in determining his surviving spouse's eligibility for pre-retirement survivor's benefits. But, inasmuch as such benefits are now in the nature of a pension, Signatory Plans are encouraged to apply the NRA for purposes of determining a surviving spouse's eligibility for pre-retirement survivor's benefits.
27. **QUESTION:** Where can a Signatory Plan obtain information about the NRA or an interpretation of the NRA?
- ANSWER:** Information about the NRA can be obtained from the office of the General President of LIUNA, 905 16th Street, N. W., Washington, D.C. 20006, (202) 737-8320. Any Signatory Plan can request a written interpretation of the NRA from the General President. However, such interpretations are discretionary and non-binding. The General President's interpretative role is intended to foster resolution of disputes among Signatory Plans and to foster the effective, uniform administration of the NRA.

**NATIONAL RECIPROCAL AGREEMENT FOR
PENSION PLANS IN THE UNITED STATES
(As Revised 1987)**

The following is the text of the National Reciprocal Agreement as last amended in 1987. Each Signatory Plan has signed a copy of this Agreement and submitted it to the International Union. The effective date of the Agreement varies for each Signatory Plan.

1. **PURPOSE.** Reciprocal Pensions shall be provided under this Agreement for Participants who otherwise lack sufficient pension credit to be eligible for any pension because their years of employment were divided between different participating pension plans or, if eligible, whose pensions would be less than the full amount because of such division of employment.

2. **RECOGNIZED PENSION CREDITS.** For purposes of this Agreement, the term "Pension Credits" shall mean those periods of service during which credit is granted for benefit accrual purposes. Pension Credit shall not necessarily cover periods for which a Plan grants credit for vesting purposes under ERISA. Pension Credits accumulated and maintained by a Participant under one of the Plans signatory to this Agreement shall be recognized under this Agreement by the other signatory Plans. Pension Credits under each Plan shall be based upon the rules in effect in that Plan at the time the employment occurred.

3. **TOTAL PENSION CREDIT.** The Pension credit granted under each of the Plans signatory to this Agreement together comprise the Participant's Total Pension Credit. In no case will more than one year of Pension Credit be counted for any twelve consecutive calendar months.

If the Participant has, in a calendar year, worked under two or more Plans and accumulated fractional years of Pension Credit which together add up to more than one year of credit for that calendar year, then the Pension Credit recognized under this Agreement shall be limited to one year. Pension Credit will first be counted under the Plan, which provides the highest benefit level. The other Plan(s) shall count as Pension Credit the necessary fractional year(s), in a declining benefit level order, which will bring the total to exactly one year of Pension Credit for the Participant.

4. **ELIGIBILITY FOR BENEFITS.** A Participant shall be eligible for a Reciprocal Pension under each of the signatory Plans if he satisfies all of the following requirements:

- (a) He would be eligible for any type of pension under each Plan if his Total Pension Credit were treated as service under each Plan; and
- (b) He has, under each of the signatory Plans, at least one year of Pension Credit; and

- (c) In the case of a Participant applying for a pension based upon disability, he is able to meet the definition of disability in each of the signatory Plans; and
- (d) In the case of a Participant applying for a pension based upon age, he meets the minimum age requirement in each of the signatory Plans.

5. ELECTION OF PENSION. If a Participant is eligible for more than one type of pension or optional form of benefit under the signatory Plans, he shall be entitled to elect the type and form of pension he is to receive from each Plan.

6. RECIPROCAL PENSION AMOUNT. The amount of the Reciprocal Pension payable by each signatory Plan under which a Participant qualifies for a pension shall be the benefit amount he accrued under the Plan during the period he earned Pension Credit under that Plan.

7. PAYMENT OF RECIPROCAL PENSIONS. The payment of a Reciprocal Pension by a signatory Plan shall be subject to all the conditions contained in that Plan's rules relating to the payment of pensions. The suspension of a Participant-Pensioner's benefits by one signatory Plan due to the Participant-Pensioner's return to employment shall not entitle any other signatory Plan to suspend the benefits being paid to that Participant-Pensioner pursuant to this Agreement unless such suspension by any other Plan is permitted under applicable law.

8. OTHER BENEFITS. The obligation of each of the Plans signatory to this Agreement is limited to pension benefits, including survivors' pensions after retirement payable as a result of election of Husband and Wife pension or guaranteed period payments. This Agreement shall not apply to any pre-retirement death or survivors' benefits. Other benefits provided by either of the plans, after retirement, such as lump sum death benefits, level income or lump sum options, health benefits, etc., are not covered by this Agreement. However, nothing in this Agreement shall prohibit either Plan from providing such benefits in accordance with its own rules and regulations.

9. BENEFIT INCREASES. If a Participant leaves the jurisdiction of one of the signatory Plans and the benefit level in that Plan is later increased, benefits from that Plan shall be computed at the benefit level in effect at the time the Participant last earned Pension Credit under that Plan.

10. APPLICATION PROCEDURE. The Plan under which a Participant first makes application for benefits shall initiate the processing of a Reciprocal Pension with the other signatory Plans based upon the information

supplied by the Participant as to where he worked. Each Plan agrees to provide the other Plans with complete data, certified by an authorized Administrator or Plan employee, in order to process Reciprocal Pensions promptly under this Agreement.

11. BREAKS IN SERVICE. In applying the rules of each signatory Plan with respect to cancellation of Pension Credit, any Pension Credit earned for a period during which the Participant worked in the jurisdiction of another signatory Plan shall be considered in determining whether the Participant has incurred a permanent break in service. Once a Participant has left the coverage of all the signatory Plans, the determination as to whether he has incurred a permanent break in service under each signatory Plan shall be made by each Plan based upon the Total Pension Credit earned by the Participant under all signatory Plans by which he has been covered.

12. AMENDMENT. This Agreement may be modified or amended at any time provided such amendments are acceptable to two-thirds (2/3) of all signatory Plans. Any amendment shall be in writing and signed by two-thirds (2/3) of all signatory Plans.

13. SEPARATE LIABILITY.

- (a) It is expressly understood and agreed that none of the signatory Plans assumes any of the liabilities or obligations of the other signatory Plans. Each signatory Plan shall be liable solely and exclusively for pension benefits due under its own pension plan, and no Plan shall be liable for the acts or omissions of another Plan.
- (b) The Trustees of each signatory Plan shall be fully protected in acting upon any instrument, certificate, report or paper believed by them to be genuine, and the Trustees of each signatory Plan shall be under no duty to make any investigation or inquiry as to any statement in any such writing, or as to the authority of the person making such statement, but may accept the same as conclusive evidence of the accuracy of the statement contained therein and the authority to make it.

14. TERMINATION. Any of the signatory Pension Plans may terminate this Agreement by giving written notice by certified mail to the General President of the Laborers' International Union of North America, at least ninety (90) days in advance of the date such termination is desired.

15. AMENDMENT OF PLAN DOCUMENTS. Each signatory Plan agrees to make the necessary amendments to its Pension Plan documents, and other legal documents that may be required, in order to implement the provisions of this Agreement.

16. ARBITRATION. Any dispute, controversy or claim arising out of or relating to the application of this Agreement shall be settled by arbitration. Any signatory Plan which disagrees with the interpretation or action taken with respect to a claim under this Agreement may, within 90 days after the matter has been presented in writing to another signatory Plan, request arbitration of the issue by filing a written notice of its desire for arbitration in which notice it shall set forth the nature of such dispute, controversy or claim by certified mail. If the Trustees of the Plans involved cannot agree upon an arbitrator within 30 calendar days, then the Trustees may apply to the senior judge of the United States District Court for the District in which the Plan has its situs, for the appointment of an arbitrator to hear the unresolved dispute, and such arbitration shall be conducted in accordance with such procedure as the arbitrator shall determine. The award of the arbitrator shall be final, binding and conclusive upon the parties to the dispute and may be enforced in any court of competent jurisdiction.

17. EFFECT OF OTHER RECIPROCAL AGREEMENTS. This Agreement shall not modify or cancel any other reciprocal agreement in effect between two or more signatory Plans that provides superior conditions or benefits for all the Participants of those Plans.

18. JURISDICTION. This Agreement shall be construed and enforced according to the laws to the District of Columbia and the Trustees of the signatory Plans shall be liable to account with respect to this Agreement, and any rights and duties thereunder, only in the courts of the District of Columbia.

19. ADMINISTRATION. Within ten days from the date of execution of this Reciprocal Agreement, each Plan that becomes a signatory shall file a signed copy of the Reciprocal Agreement with the following:

General President
Laborers' International Union of North America
905 16th Street, N. W.
Washington, D. C. 20006

It is understood that the said General President of the Laborers' International Union of North America will cause to be published periodically, but at least annually, in *The Laborer* a list of all Plans and their addresses, which have become and which remain parties to this Reciprocal Agreement. The listing will be based upon the filing of a copy of such Reciprocal Agreements as provided for in this section and based upon the filing notices of termination of participation in this Reciprocal Agreement as heretofore provided.

20. EFFECTIVE DATE. The Agreement shall be effective _____ and shall be enforced for pension applications made on and after _____. Applications previously denied by any of the signatory Plans shall only be considered upon the approval of all effected Plans.

SIGNATURE PAGE

IN WITNESS WHEREOF, the undersigned Plan by the signature of its duly authorized Trustees hereby becomes a party to the National Reciprocal Agreement and agrees to be bound by its terms and provisions. It is understood that each Plan that becomes or is a signatory to this Reciprocal Agreement is entering into this Reciprocal Agreement with each other signatory Plan.

[TRUSTEES' SIGNATURES]