

STATEMENT OF PROCEDURES UNDER ILWU-PMA WATCHMEN PENSION  
PLAN FOR COMPLIANCE WITH STATE COURT DOMESTIC RELATIONS  
DECREES

This pamphlet summarizes the procedures that the Plan Office of the ILWU-PMA Benefit Plans will follow, as agent for the Trustees of the ILWU-PMA Watchmen Pension Plan (the "Plan") (who are the Plan Administrator of the Plan), in deciding whether and how to comply with orders entered by State domestic relations courts affecting the payment of benefits under the Plan. These procedures are effective respecting all such orders entered on or after January 1, 1985. For details on how these procedures may apply to your particular case, you should contact your own domestic relations counsel.

The first 4 pages of these procedures (Paragraphs A through E) are intended to provide general guidance to the parties to domestic relations proceedings in framing appropriate orders under the Plan. Usually, the Plan Administrator will be able to work out with the parties the form of an appropriate decree before it is entered by the court. As a result, the parties will generally not need to consult Attachment B, which contains technical information relating to appeals and modifications of orders, unless the parties are unable or unwilling to frame an appropriate decree in accordance with these procedures.

The Plan Administrator encourages the parties to domestic relations cases to bear in mind that such cases can be, and often are, resolved without a need to enter an order against the Plan. It must also be recognized that a Participant's pension benefits will be reduced when a portion of those benefits is assigned to one or more other persons. While the Plan does not provide for benefits in a lump-sum form, at the request of the Participant the Plan Office will provide information from which the parties' actuaries can determine the present value of the Participant's retirement benefits.

A. Criteria for a Qualified  
Domestic Relations Order  
("QDRO")

The Plan Office is required to comply with orders (or judgments, decrees or approved property settlements) entered by State courts in domestic relations cases if it determines that such orders are Qualified Domestic Relations Orders ("QDROs"). Because of federal law, the Plan Office cannot comply with such orders if they do not satisfy the criteria for a QDRO. See 29 U.S.C. § 1056(d).

The Plan Office will treat any domestic relations order as a QDRO if it determines that the requirements therefor are satisfied. In making this determination, the Plan Office will

not review the fairness or merits of an order, but only its compliance with the following criteria:

A.1. The order must be made pursuant to a State domestic relations law (including a community property law);

A.2. The order must relate to the provision of child support, alimony payments and/or marital property rights to an "Alternate Payee" (i.e., a spouse, former spouse, child, or other dependent of a Participant);

A.3. The order must create or recognize an Alternate Payee's right to (or assign to an Alternate Payee the right to) receive all or a portion of the Participant's benefits payable under the Plan;

A.4. The order must clearly specify:

(a) The name and mailing address of the Participant and each Alternate Payee,

(b) The amount or percentage of the Participant's benefits to be paid to each Alternate Payee (or a practicable formula by which the amount or percentage is to be determined),

(c) The number of payments or the period (including start and stop dates) to which the order applies, and

(d) The name of the Plan; and

A.5. The order must not require the Plan to provide any "disqualifying benefit", i.e.:

(a) Any type or form of benefit or benefit option, or any type of notice to the Participant, the Alternate Payee, or the court, which is not otherwise provided under the terms of the Plan,

(b) Increased benefits (determined on the basis of actuarial value), or

(c) Benefits that are already required to be paid to another Alternate Payee under a separate QDRO.

In order to facilitate proper tax reporting for the Participant and the Alternate Payee(s), a QDRO should contain the Social Security number of each Alternate Payee. Also, in order to demonstrate that it is intended to qualify under the Plan, the

order should state that it has been prepared in accordance with the "Statement of Procedures Under ILWU-PMA Watchmen Pension Plan for Compliance with State Court Domestic Relations Decrees" issued to the Participant and the Alternate Payee(s) by the Plan Office.

B. Information Relevant to QDROs

Attached hereto as Attachment A is a description of the Plan, summarizing the provisions that are most relevant to the preparation of QDROs. A more detailed explanation of the Plan, called a "Summary Plan Description", is also available from the Plan Office upon request. A standard formula for dividing benefits pursuant to the terms of the Plan, consistent generally with community property principles, would be:

$$50\% \times \text{Participant's Monthly Plan Benefit} \times \text{Participant's Paid Qualifying Years of Service Accrued During Community Participant's Paid Qualifying Years of Service at Benefit Commencement}$$

If a formula such as this is used, the order must specify either the period of the community or the number of paid qualifying years of service during the community for which the parties want credit to be given. It should be noted that there may be a difference between a Participant's paid qualifying years of service and all of his/her qualifying years of service because while a Participant may earn 26 or more qualifying years of service, the Plan in no event will pay for more than 25.

The automatic and only form of benefit payment under the Plan is a fully subsidized (unreduced) annuity for the life of the Participant with a 50% life annuity for his/her surviving spouse; there are no optional forms of benefit and no elections other than a Participant's election as to the date of his or her retirement. Hence, an order cannot require benefits (other than survivor benefits) to be payable over any period other than the life of the Participant starting from a date certain set in the order, and survivor benefits cannot be assigned. If an order requires benefits to begin before the Participant retires, they cannot be increased.

Generally, the person who has been married to a Participant for a year at the date he/she retires is the "surviving spouse" entitled to survivor benefits under the Plan. A QDRO can, however, designate a former spouse as the Participant's "surviving spouse" entitled to receive all or a portion of any survivor benefits payable (see 29 U.S.C. Section 1056(d)(3)(F)).

C. Accounting for Amounts Payable  
Under Order Pending Determination

While making its determination as to an order that has been entered in a particular case, the Plan Office will withhold payment, beginning on the date on which the first payment would be required to be made under the order if it were qualified, of the amounts, if any, that the Plan Office determines would have been payable to the Alternate Payee(s) by the Plan under the order had the order been determined to be a QDRO. The Plan Office will account separately for these amounts at such time as the amounts become payable in accordance with the procedures described in Attachment B.

D. Notice of Claim Ineffective Unless in Form of

ODRO The Plan Office cannot, because of Federal law, make, such withholding unless it has received a "domestic relations order" that satisfies the requirements of paragraphs A.1, A.2 and A.3 above. Therefore, the Plan Office cannot fail to pay benefits to a Participant when due simply because it has received notice of some other person's claim to some or all of those benefits; it can withhold only after receiving a domestic relations order. See 29 U.S.C. Section 1056(d)(3)(H).

E. Amendment of Procedures

The Plan Office reserves the right to amend any or all of the procedures discussed above or in Attachment B in its sole and unreviewable discretion, at any time and from time to time. If an amendment is made that affects a pending case, the Plan Office will notify each Participant and Alternate Payee.

F. Release from Liability

Under federal law, the Plan and its fiduciaries are discharged from any obligation or liability to any Participant or Alternate Payee(s) to the extent of any payment made pursuant to these procedures.

ATTACHMENT A

SUMMARY  
ILWU-PMA WATCHMEN PENSION PLAN

This outline has been prepared to assist the parties in domestic relations proceedings, and reflects in summary fashion only those Plan provisions deemed pertinent; it does not reflect all provisions of the Plan. It is subject to, and in no way modifies or interprets, those provisions. For more detailed information, please refer to the Summary Plan Description.

ELIGIBILITY FOR YEAR OF SERVICE CREDIT

A Participant is credited with a Year of Service for all purposes of the Plan for any calendar (payroll) year in which he or she works or is credited with 800 hours. The requirement of 800 hours may be reduced under certain circumstances.

ELIGIBILITY FOR RETIREMENT

Normal Retirement benefits commencing at or after Normal Retirement Date, Early Retirement benefits commencing at or after age 62 with 13 or more years of service, and Disability Retirement benefits commencing prior to age 62 are payable, subject to the eligibility requirements set forth in the Summary Plan Description. (Normal Retirement Date is the later of the Participant's 5th anniversary of participation or attainment of age 65.)

AMOUNT OF RETIREMENT BENEFITS

Normal Retirement: Monthly benefit is equal to a Participant's credited Years of Service times a flat rate per month per Year of Service. The maximum credited Years of Service is 25. Rates per month per Year of Service vary from \$18.60 to \$26.80.

Early Retirement: Monthly benefit is calculated on same basis as Normal Retirement benefit.

Disability  
Retirement:

Monthly benefit is equal to unreduced Normal Retirement benefit accrued to date of Disability Retirement.

#### BENEFIT FORMS

A married Participant's benefit is paid in the form of an unreduced joint and 50% survivor annuity. An unmarried Participant's benefit is paid in the form of a life annuity. (Except for survivor benefits, an alternate payee can receive benefits during the Participant's lifetime only.)

#### BENEFITS PAYABLE AT DEATH

Pre-retirement survivor benefits are payable upon the death of a Participant with 10 or more credited Years of Service, subject to the eligibility requirements and in the amounts set forth in the Summary Plan Description. Post-retirement survivor benefits are payable to the qualified surviving spouse of a Pensioner.

#### CONTRIBUTIONS

The entire cost of the Plan is paid by employers. Employees make no contributions to the Plan. The Plan does not maintain individual accounts for Participants.

ATTACHMENT B

ADDITIONAL PROCEDURES RELATING TO DETERMINATION  
OF QDRO STATUS, APPEAL THEREOF, MODIFICATION OF  
ORDER AND PAYMENT OF BENEFITS FROM SEGREGATED ACCOUNT

1. Procedures Respecting  
Determination of ODRO Status of  
Order

a. If the Plan Office makes an initial determination that an order is not a QDRO, or in a contested case (see paragraph 1.f below) that an order is a QDRO, notification will be given to the Participant and the Alternate Payee(s) in writing. The notification will be written in understandable language and will state:

(i) Specific reasons for the determination,

(ii) Specific reference to any provisions of the ILWU-PMA Watchmen Pension Agreement upon which the determination is based, and

(iii) An explanation of how, where and when the Participant and/or Alternate Payee(s) may obtain a review of the initial determination.

b. Within 60 days after an initial determination is issued by the Plan Office that an order is not a QDRO, or within 30 days after an initial determination is issued by the Plan Office in a contested case (see paragraph 1.f below) that an order is a QDRO, the Participant and/or the Alternate Payee(s), or the counsel for any of them, may make a written request for a review of the initial determination. Pertinent documents relating to the initial determination may be inspected. Comments or argument may be submitted in writing. Requests for review should be submitted in writing as applicable to:

ILWU-PMA Watchmen Pension Plan  
1188 Franklin Street  
San Francisco, CA 94109

c. If review is not sought in a timely fashion, the initial determination shall become final upon expiration of the time in which to request review. If review is sought in a timely fashion, the Plan Office shall immediately notify the Participant and the Alternate Payee(s) in writing that review has been requested.

d. A decision on review of an initial determination will be made within 60 days after receipt of the request for review. If an extension of time is required, the Participant and the Alternate Payee(s) will be so notified, and a decision will be made within 120 days of receipt of the request for review.

The decision will be written in understandable language. If the decision is to uphold the initial determination, the decision will state:

- (i) Specific reasons for the determination, and
- (ii) Specific reference to any provisions of the ILWU-PMA Watchmen Pension Agreement upon which the determination is based.

e. The determination on review shall become final 60 days after it is issued unless the Plan Office receives notice, within said 60 days, that the Participant and/or Alternate Payee(s) has filed a civil action requesting judicial review of the determination. If notice that judicial review has been requested is received by the Plan Office within said 60 days, the Plan Office shall immediately so notify the Participant and the Alternate Payee(s) by sending each of them a copy of the complaint(s), and the determination shall not then become final unless and until it is upheld by a final judgment of a court of competent jurisdiction.

f. Domestic relations orders generally result from stipulations or property settlement agreements. Should an order be received that is not the product of a stipulation or property settlement agreement, the Participant and Alternate Payee(s) must notify the Plan Office in writing within 30 days after receiving an initial determination that such an order is a QDRO of whether they contest the determination and, if so, the specific grounds of dispute. If the Participant and/or Alternate Payee(s) fail to so notify the Plan Office within the 30-day period, they will be deemed to have conceded the qualified status of the order. The Plan Office has found that exigent circumstances in contested cases generally require a shorter response time.

2. Modification of Order  
Determined to be Non-Qualified

If, before the determination that an order is not a QDRO becomes final, the Plan Office receives written notice from either the Participant or an Alternate Payee that either party is attempting to rectify any deficiencies in the order, the Plan Office shall immediately notify the Participant and the Alternate Payee(s) by sending each of them a copy of the notice, and the determination shall not be considered final pending the submission to the Plan Office of a modified order and its determination of the qualified status thereof.

3. Accounting for and Disbursement of  
Amounts Withheld During Determination  
Period

The Plan Office will disburse the benefit payments, if any, that have been withheld during the determination period pursuant



to Paragraph c of the foregoing QDRO Procedures, following the earlier of:

a. The date it is finally determined, in accordance with the QDRO Procedures and this Attachment B, that the order is a QDRO (in which event the amounts withheld will be disbursed in accordance with the order);

b. The date it is finally determined, in accordance with the QDRO Procedures and this Attachment B, that the order is not a QDRO (in which event the amounts withheld will be disbursed to the person(s) who would have been entitled thereto had there been no such order); or

c. The end of the 18-month period following the date on which the first payment would have been required to have been made under the order had it been qualified (in which event the balance will be disbursed to the person(s) who would have been entitled thereto had there been no such order).

After the earlier of these events has occurred, the Plan Office shall notify the Participant and the Alternate Payee(s) named in the order of its determination, if any. Any determination that the order is a QDRO that is made after the close of the 18-month period shall be applied prospectively only; i.e., the Plan and its fiduciaries shall not be liable for payments to any Alternate Payee(s) under the order for the period before the order is determined to be a QDRO.

4. Modified Order Relates Back to  
Time of Receipt of Initial Order

If, before a final determination is made that an order is not a QDRO, the Plan Office receives a modification of that order, the time of receipt of the modified order shall relate back to the time of receipt of the earlier order.

5. Address(es) for Service of  
Notices and Payments

All notices from the Plan Office under these procedures will be mailed to the Participant and Alternate Payee(s) at the address(es) specified in the order and to their counsel, if known. All checks payable to any Alternate Payee shall also be mailed to the address specified in the order. The Participant and Alternate Payee(s) may, however, by a written designation, notify the Plan Office of additional or alternative representative(s) for service of notices or of any changed address. Notice to counsel for the Participant or an Alternate Payee is deemed to be notice to such Participant or Alternate Payee. Notices to the Plan Office (or to the Plan Administrator of either Plan) should be sent to: Executive Director, ILWU-PMA Benefit Plans, 1188 Franklin Street, San Francisco, CA 94109.