

**SAN FRANCISCO ELECTRICAL WORKERS RETIREMENT SAVINGS PLAN**  
**Explanation to Participant of Qualified Pre-Retirement Survivor Annuity**

If you are a married participant in the SFEW Retirement Savings Plan (the “Plan”), and you die before commencing distribution of your account, your spouse may elect to receive a distribution under any of the benefit distribution forms that would have been available to you. Those distribution forms are life annuity, single sum in any amount, and recurring monthly payments of a specified amount. The form of distribution to your spouse that will be paid if no other form is elected is a qualified pre-retirement survivor annuity (or “QPSA”). A QPSA is a life annuity contract, purchased from an insurance company with the entire account balance, and which pays monthly benefits for the life of your surviving spouse. To the extent the Plan begins paying benefits to you before you die, the method of distribution in effect at your death will determine how remaining benefits will be paid, and the QPSA rules will not apply.

You may, however, waive the QPSA benefit before you die by selecting a beneficiary other than your spouse, provided your spouse consents to your waiver.

If you are an unmarried participant, you may select any beneficiary you wish without need of consent.

***Amount of QPSA Benefits***

The amount of the benefit paid under a QPSA depends on the annuity purchase rate, your spouse’s age when payments begin, and your account balance when the Plan purchases the annuity contract. The following table provides the approximate monthly annuity payments under an immediate annuity purchasable per \$1,000 of account balance for a surviving spouse ranging from age 50 to 80. The table assumes an annuity factor based on the 1983 GAM Unisex Mortality Table and a 7% annual interest rate. The insurance company from which the Plan purchases the QPSA may use different factors. Different factors will produce a different monthly payment.

<u>Age of Spouse</u>	<u>Monthly Payment</u>	<u>Age of Spouse</u>	<u>Monthly Payment</u>
50	\$6.67	66	\$ 8.64
52	\$6.81	68	\$ 9.10
54	\$6.97	70	\$ 9.62
56	\$7.16	72	\$10.23
58	\$7.37	74	\$10.93
60	\$7.62	76	\$11.74
62	\$7.91	78	\$12.67
64	\$8.25	80	\$13.72

For example, if your account balance at death is \$75,000, your surviving spouse who is age 60 and entitled to a single life survivor annuity purchased with the entire account balance will receive a monthly annuity payment approximately equal to \$571.50 (*i.e.*, \$7.62 x 75).

The value of the QPSA at the annuity purchase date may equal up to 100% of the value of your account, and will have the same value as any other benefit option to which the same amount might be applied. Because the total amount of the benefit paid under a QPSA depends on the amount applied to its purchase, the time value of money, the annuity commencement date, and the period over which your spouse survives, the total benefit received is likely to be different (either greater or lesser) than alternative distribution options having the same value as the QPSA on the annuity purchase date.

The portion, if any, of your account balance that is not applied to the purchase of the QPSA may be payable to one or more beneficiaries that you designate and to which your spouse consents.

***Purpose of QPSA Waiver is to Select a Nonspouse Beneficiary***

A QPSA is paid only upon your death to your surviving spouse, and only if another benefit option is not elected. Before your death, you may elect to waive payment of the QPSA benefit to your spouse, and instead have your account paid to some other beneficiary, provided your spouse consents to that beneficiary. There is no reason for you to waive the QPSA benefit while you are living if you intend to have your spouse receive your account

after your death, because your spouse will be allowed to elect any available benefit form under the Plan after your death. If, and to the extent, you have waived the QPSA (with your spouse's consent), your account will be paid to your designated nonspouse beneficiary. To waive the QPSA, you must complete the Beneficiary Designation form attached.

### ***Timing of QPSA Waiver***

You may waive the QPSA benefit only by selecting a nonspouse beneficiary on or after the latest to occur of (i) the first day of the calendar year in which you attain age 35, (ii) the date on which you first become a Plan participant, and (iii) the date on which you become married. However, if you leave covered employment before attaining age 35, your election period begins on your termination date.

If you are under age 35, you may also elect (with spousal consent) to waive the QPSA benefit and select a nonspouse beneficiary. However, that election will automatically expire at the beginning of the calendar year in which you attain age 35. Any time thereafter, you may renew the election and the spousal consent. If you are under age 35 and wish to waive the QPSA, it is your responsibility to (i) notify the Plan Office of your wish, (ii) obtain the spousal consent required by the Plan Office, and (iii) in the calendar year in which your 34<sup>th</sup> birthday occurs, secure the information and forms necessary to renew the election if it is to extend beyond that year.

### ***Spousal Consent***

Your spouse must consent in writing to your QPSA waiver. The consent must be witnessed by a Plan representative or by a notary public, must evidence your spouse's understanding of the financial effect of your election, and be irrevocable. Your spouse must consent to each specific beneficiary that you select. If you file a QPSA waiver with the Plan Office, with proper spousal consent, and you later revoke that waiver before your death, your account will again be subject to a QPSA. In that case, you may not again waive the QPSA benefit unless you obtain your spouse's consent to the new waiver. Consent given by your current spouse to your QPSA waiver is not effective as to a subsequent spouse. So if, after filing a QPSA waiver, you become widowed or divorced, the QPSA benefit is automatically reinstated should you remarry. You may then again elect to waive the QPSA benefit, provided your new spouse consents.

If your spouse has consented to one or more nonspouse beneficiaries, your QPSA waiver remains effective only to the extent that your nonspouse beneficiaries remain unchanged. If you want to change your nonspouse beneficiary, a new spousal consent will be required as to the election to decline the QPSA coverage. Any provision in a premarital, ante-nuptial, financial support, or similar agreement between you and your spouse that purports to be a QPSA waiver will not be enforceable against the Plan, regardless of your intent.

### ***Financial Effect of Your QPSA Waiver***

If you do not waive the QPSA, after your death the Plan will pay your spouse the QPSA unless your spouse elects another benefit form. The QPSA will not pay benefits to other beneficiaries after your spouse dies. If you waive the QPSA, the Plan will pay your account to your designated beneficiary. You may designate different beneficiaries to receive portions of your account. If you waive the QPSA, your spouse need not consent to the form of payment to your designated nonspouse beneficiary, but only to the identity of that beneficiary.

### ***Procedure***

To waive the QPSA and select a nonspouse beneficiary, you should contact the Plan Office for the waiver election on the Beneficiary Designation Form and your spouse should sign the Spousal Consent to Waiver of the QPSA. If you name someone other than your spouse as your primary beneficiary, your spouse must sign the consent.

### ***Additional Information***

You may ask the Plan Office to provide a personalized statement describing the effect of electing an optional form of benefit and providing a comparison of relative values under each available optional form of benefit.

It is important that you and your spouse understand your rights and obligations concerning your Plan death benefits. Please direct any questions to the Plan Office. Because your spouse has certain rights to your death benefits, you should immediately inform the Plan Office of any change in your marital status.