When am I eligible to receive a Distribution from the Plan?
A member can receive a distribution from the Plan upon surrender of full shipping rights and upon completion and submission of appropriate Benefit Election Forms. A member surrenders shipping rights by signing a form called “Confirmation of Surrender of Seniority Shipping Rights.” By signing this form, a member forevermore gives up all rights to work for any of the covered employers and the Sailors’ Union of the Pacific.

If I surrender my shipping rights, am I required to take a distribution immediately?
No. You can defer distribution until April 1st of the year following the calendar year in which you attain age 70½. Once you attain age 70½, you may only defer distribution if you continue to work at least 62 shipping days in each calendar year thereafter.

If I am age 70½ or older and worked less than 62 shipping days in a calendar year, am I required to take a distribution?
Yes. You must commence receipt of benefits no later than the April 1st of the year following the calendar year in which you had less than 62 shipping days. You will be invited to choose a form of benefit payment. Any of the forms of benefits available under the terms of the Plan will satisfy the IRS Required Minimum Distribution (RMD) rules. If you do not choose a form of benefit, your account will be distributed to you in accordance with the terms of the Plan document.

If I am age 70½ or older and have commenced receipt of benefits, may I continue to work for the covered employers and the Sailors Union of the Pacific?
Yes. Any contributions made to your account after you have commenced receipt of benefits will be paid to you in the form of a lump sum as soon as administratively feasible after receipt by the Trust. These supplemental benefit payments will continue to satisfy IRS Required Minimum Distribution rules. Any distributions received under the special transition rules in 2004 will not be considered a commencement of receipt of benefits and the Plan rules in effect after January 1, 2005 will govern all subsequent distributions.

Once I become eligible to receive a distribution, how will my pension benefits be paid to me?
How your pension benefits are paid depends on the amount of your pension, whether or not you are legally married, and on the option you choose. The following table describes the various benefit options that apply to distributions from the Plan. The options are summarized below, with a detailed explanation of each option following the summary.

<table>
<thead>
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<th>Participants with Account Values of $5,000 or less.</th>
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<tbody>
<tr>
<td>All Participants (without regard to marital status)</td>
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Participants with Account Values in excess of $5,000.

<table>
<thead>
<tr>
<th>Single (Unmarried) Participants</th>
<th>Married Participants</th>
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</thead>
<tbody>
<tr>
<td>• Single Life Annuity (Default)</td>
<td>• Qualified Joint &amp; 50% Survivor Annuity (Default)</td>
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<tr>
<td>• Taxable Lump Sum</td>
<td>• Taxable Lump Sum</td>
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<td>• Lump Sum Payment as Direct Rollover</td>
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<tr>
<td>• Installment Payments over 5, 10 or 15 years</td>
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A. Default Forms of Benefit

• **Single Life Annuity.** To provide this benefit, the Plan Administrator will use the value of your account to purchase an annuity contract from an insurance company. This annuity will provide monthly payments to you as long as you live, with no benefits payable to any beneficiary after your death. This form of benefit is the only form of payment that guarantees an income for your lifetime.

• **Qualified Joint & 50% Survivor Annuity.** To provide this benefit, the Plan Administrator will use the value of your account to purchase an annuity contract from an insurance company. This annuity will provide monthly payments to you as long as you live. And, if you should die before your spouse, payments equal to one-half the amount that you were receiving while you were alive will continue to your spouse for her or his lifetime. If your spouse dies first, your monthly benefit remains unchanged and no additional benefits are payable at your death. For Plan purposes, your spouse is your legal husband or legal wife for Federal income tax purposes. If you and your spouse do not want to receive a Qualified Joint and 50% Survivor Annuity, you may choose to receive your distribution in one of the optional forms available to you under the Plan (see optional forms available below). Your spouse must sign a consent form and their signature must be witnessed by a Notary Public. Note that a Joint and Survivor Annuity is the only form of payment that guarantees an income for the lifetime of both you and your spouse.

B. Optional Forms of Benefit Payments:

• **Taxable Lump Sum Payment** This form of benefit is a one-time payment of your entire account balance (or any percentage you choose) paid directly to you. This type of payment is subject to mandatory 20% Federal income tax withholding. State income tax withholding is based on your state of residency when you apply for a distribution. For example, in California, State income tax withholding is optional at the time of distribution. Note that mandatory withholding may not be sufficient to cover your total tax liability. We recommend you consult a tax advisor for advice. A Lump Sum Payment is eligible for rollover into an Individual Retirement Account or another qualified plan if deposited within 60 days of the date of the check.

• **Lump Sum Payment as Direct Rollover** This form of benefit is a one-time payment of your entire account balance (or any percentage you choose) rolled over into an IRA or to another qualified plan, 403(b) plan or governmental 457 plan for your benefit. Sums rolled over maintain their tax-deferred status. No Federal or State income tax withholding will be taken.
• **Installment Payments over 5, 10 or 15 Years** – Your benefits are paid to you monthly from your account in equal, or close to equal, payments over a period of 5, 10 or 15 years, whichever you choose. After you reach age 70½, the amount paid to you each year must not be less than a minimum required by law. If you die before your entire account is paid to you, the remainder will be paid to your beneficiary.

**Does my benefit election have an effect on the taxation of my benefits and on withholding?**
Yes. The form in which you choose to receive your plan benefits has an effect on how these benefits are taxed. Also, different withholding rules apply to different forms of payment. We recommend you consult a tax advisor to determine your tax liability under the available payment options before you decide on the one that is best for you.

**Who Handles Distributions from the Plan?**
Standard Retirement Services handles the distributions. They review distribution requests and prepare distribution paperwork required by law. They also consult with participants on issues related to their distribution, including distribution options, taxation, and timing. Finally, they are responsible for notifying the Plan’s record keeper when to make a distribution from an account and for whom.

**How do I apply for distribution of my account?**
Contact the Standard Retirement Services team at 1-800-858-5420 and inform them of your decision to surrender full shipping rights under the Sailors Union of the Pacific. They will mail a distribution election packet to your address of record on file with the Plan. Please keep your address of record current. Alternatively, you may contact the SUP MPP Office at 1-415-778-5490.

**How long should I expect the distribution process to take?**
Standard Retirement Services will mail an election packet to you within 3 to 5 business days of receiving your request for distribution. Your distribution check should be issued within 10 business days after the receipt of your properly completed election forms.

**What access do I have to the money in my account while I am still sailing?**
None – You must surrender full shipping rights under the Sailors Union of the Pacific and retire to be eligible for distribution of your account in the Plan. In addition please note:

- **Loans – Are not permitted.**
- **Hardship Withdrawals – Are not permitted.**
- **In-Service Withdrawals – Are not permitted.**
What happens to my account if I am involved in a divorce?
The division of the pension benefit may become an important issue in a divorce settlement agreement. The retirement benefits payable to a member are sometimes classified as "marital property" or “community property” that can be divided in a divorce. The Plan can only reassign your interest in your benefits to another person if there is an acceptable Qualified Domestic Relations Order (QDRO) presented to the Plan. A QDRO is defined by the Internal Revenue Code and the Employee Retirement Income Security Act of 1974 (the federal laws governing pension plans). If you are going through a divorce, or if you are legally separated, you should contact Standard Retirement Services at 1-800-858-5420.

Who is entitled to my benefits if I die before my account is distributed to me?
Your designated beneficiary or beneficiaries, as indicated on your Beneficiary Designation Form on file with the SUP MPP Office, are entitled to the balance in your account. If there is not a valid designation form on file with the SUP MPP Office at the time of your death and you are legally married, your spouse is automatically your beneficiary. If you are not married at the time of your death, your living children are entitled to equal shares of your account. If you have no living children at the time of your death, your account will be distributed to your parents equally, or to the surviving parent if one is deceased.

When should I file a new Beneficiary Designation Form?
You should complete a new Beneficiary Designation Form whenever you have a significant change in your life, such as a marriage, divorce, or death. Be sure it remains accurate and reflects your intentions. You should also file a new designation whenever a beneficiary's address changes. Failure to do so may mean that the SUP MPP Office will not be able to locate your beneficiary and therefore would not be able to pay him or her. In order for the designation to be valid, the Beneficiary Designation Form must be on file with the SUP MPP Office prior to your death.

Must my spouse consent to my Beneficiary Designation?
Yes. If you are legally married and you designate someone other than your spouse to receive 100% of your benefits upon your death, your spouse must sign a consent form and their signature must be witnessed by a Notary Public.

Who should I contact to change or confirm my Beneficiary Designation?
If you have any questions about the Beneficiary Designation Form, please contact the SUP MPP Office directly at 1-415-778-5490.

These FAQ’s attempt to describe the Plan’s distribution procedures in simple terms and is not a Plan Document or a Summary Plan Description. The Plan and Trust documents are complex legal documents, and all of their terms cannot be described in detail. If there appears to be any inconsistency between statements made in these FAQ’s and the Plan and Trust documents, the Plan and Trust documents will be the controlling legal documents. This document does not represent a contract between participants and the Sailors Union of the Pacific and the covered employers.