

**DEFINED BENEFIT RETIREMENT PROGRAM FOR
REPRESENTED EMPLOYEES OF THE LONG ISLAND RAIL ROAD
AND METRO-NORTH RAILROAD
OVERVIEW – LONG ISLAND RAIL ROAD**

You are participating in a program designed to help you and your dependents maintain financial stability at the time of retirement or in the event of disability or death.

This information is to assist you in understanding the benefits to which you are or may become entitled. This overview is not a substitute for the terms of the program as set forth in Article 12 of the MTA Defined Benefit Pension Plan. In the event of conflict between this overview and any applicable provisions of the Plan, the applicable plan provisions govern.

PARTICIPATION

For Long Island Rail Road employees who are covered by collective bargaining agreements that provides for participation in the new retirement program within the Metropolitan Transportation Authority Defined Benefit Plan.

PARTICIPANT CONTRIBUTION

Your contribution is 3% of your gross wages and is deducted weekly. Your contributions will stop after 10 years of making member contributions.

CREDITED SERVICE

Credited service is effective January 1, 1988, or your date of hire, if later. To receive credited service, you must be on the payroll and paid by Long Island Rail Road. Also, an employee must have at least 6 months of paid employment after January 1, 2004 to receive credited service for any employment before January 1, 2004.

FULL-TIME EMPLOYMENT

If you work on a full-time continuous basis, your credited service is calculated by subtracting your beginning date of employment from the date you leave work. Full-time employment is as defined in your collective bargaining agreement.

LEAVES OF ABSENCE

Credited service is not given for leaves without pay.

OTHER SERVICE

You can receive credited service if you had vested or non-vested service with any MTA, state or city retirement system. You can purchase non-vested service by paying any refunded contributions plus interest either in a lump sum or through payroll deductions.

For vested service, your years of credited service in such retirement system will be used for benefit qualification purposes but only for calculation purposes if you do not receive a retirement benefit from such retirement system while employed by the railroad.

MILITARY SERVICE

Prior to Employment by the Railroad

You are able to purchase up to 3 years of "time of war" military service that will be credited under the Plan. The cost to purchase such service is 3% of your salary immediately prior to your application to purchase military credit for each year of such military service. A member must have 5 years of credited service to purchase military time. "Time of War" includes the following:

Periods of Eligibility and Dates	
World War II	12/7/41 - 12/31/46
Korean War	6/27/50 - 01/31/55
Vietnam Era	2/28/61 - 05/07/75
Lebanon	6/31/83 - 12/01/87*
Grenada	10/23/83 - 11/21/83*
Panama	10/20/89 - 01/31/90*

*You will receive credit if you served in one or more of these military conflicts and received an Armed Forces expeditionary medal, Navy expeditionary medal, or the Marine Corps expeditionary medal in connection with this service.

You must apply to purchase military credit prior to retirement. You can purchase your military service by:

- Lump Sum Payment
- Direct rollover from the MTA 457 Plan
- After tax payroll deductions for 3 years

While Employed by the Railroad

You will receive credited service for a period of military service up to the maximum period prescribed by law, provided you were an employee when you entered military service. You may purchase credited service for this period by filing an application.

FINAL AVERAGE SALARY

Your pension benefit is based on credited service and final average salary. For purposes of calculating your benefit, final average salary is the average of the highest three consecutive years in your last 10 years prior to retirement. Termination pay, lump sum payments for unused sick leave and for accumulated vacation pay or any other such payments for time not worked are not included. If the earnings in any year included in final average salary exceed the average of the previous year by more than 10%, the amount in excess of 10% is excluded.

NORMAL SERVICE RETIREMENT

If you take a normal service retirement, you will receive an unreduced benefit. You are eligible for a normal service retirement if you meet one of the following:

- Age ~~62~~⁶⁰ and have completed at least 5 years of credited service
- Age 55 and have completed at least 30 years of credited service

HOW YOUR BENEFIT IS CALCULATED

If you have less than 20 years of credited service, your calculation is:

$$1.67\% \times \text{Credited Service} \times \text{Final Average Salary}$$

If you have between 20 and 30 years of credited service your calculation is:

$$2.0\% \times \text{Credited Service} \times \text{Final Average Salary}$$

If you have more than 30 years of credited service your calculation is:

$$2.0\% \times 30 \text{ years of Credited Service} \times \text{Final Average Salary} \\ \text{plus} \\ 1.5\% \times \text{Credited Service for the years greater than 30} \times \text{Final Average Salary}$$

EARLY SERVICE RETIREMENT

You are eligible for an early service retirement on a reduced basis if you are age 55 and have completed at least 10 years of Credited Service. If your employment is terminated for cause before becoming eligible for a Service Retirement Benefit, you forfeit your right to an Early Service Retirement Benefit.

The Early Service Retirement Benefit is calculated the same way as the Normal Service Retirement Benefit subject to the reductions below. The percent of benefit payable upon your early retirement depends upon your age as shown below:

AGE	PERCENT OF NORMAL RETIREMENT PAYABLE
62	100%
61	94%
60	88% ^{100%}
59	85% ^{97%}
58	82% ^{94%}
57	79% ^{91%}
56	76% ^{88%}
55	73% ^{85%}

VESTING

If you have 5 or more years of service and leave the company before you retire, you are eligible for a retirement benefit. If you leave the company before completing 5 years of service, you have not attained the right to a service retirement benefit. As a vested member, you will be able to receive your benefit at age 62. If your employment is terminated for cause before becoming eligible for your retirement benefit, you forfeit your right to this benefit.

If you have 10 or more years of credited service when you leave the company, you may elect to receive your benefit between ages 55 and 62 on a reduced basis. The same reductions apply as under the Early Service Retirement Benefit. This retirement benefit is calculated the same as the Normal Service Retirement Benefit on page 3.

DISABILITY RETIREMENT

The Plan provides some level of protection should you become totally disabled. You are eligible to receive a disability retirement benefit at any age if you meet both of the following conditions

- You have 10 or more years of credited service. There is no minimum period of service if the disability is the result of a service related accident.
- The Medical Board finds you are permanently incapacitated and you can no longer perform the duties of your job.

If your application for disability benefits is approved, your benefit will be:

- If you have 20 or more years of credited service, your benefit will be calculated as a normal service retirement benefit as illustrated under How Your Benefit Is Calculated on page 3.
- If you retire with less than 20 years of credited service, your benefit will be equal to one-third of your final average compensation

The payment options are the same as those offered under the Normal Service Retirement and can be found under Payment Options on page 5.

RAILROAD RETIREMENT OFFSET

When you retire, that portion of the Tier II Railroad Retirement Benefit attributable to Metro-North and/or Long Island Rail Road service reduces the retirement benefit that you will receive. This reduction will start when the Tier II benefit becomes payable to you from the Railroad Retirement Board.

PAYMENT OPTIONS

At retirement you must decide how you want your retirement benefit to be paid. If you are married, you must elect a Joint and Survivor option of at least 50%, unless your spouse consents in writing. If you are not married, you may elect a Single Life Annuity, which provides you with the maximum amount payable during your lifetime with nothing payable to a beneficiary. However, you may elect an optional form of payment, which provides a benefit to your designated beneficiary. If you receive a form of payment other than the Single Life Annuity the amount of the reduction in your retirement benefit depends on the option you select, your age and for the joint and survivor option, the age of your beneficiary.

- **Single Life Annuity**

A retirement allowance payable for your lifetime only.

Ex.	Your Monthly Benefit	Benefit to Beneficiary
	\$650.00	-0-

- **100% Joint and Survivor Annuity**

A retirement benefit of 100% of the amount paid to you shall be paid to your beneficiary

Ex.	Your Monthly Benefit	Benefit to Beneficiary
	\$570.00	\$570.00

- **75% Joint and Survivor Annuity**

A retirement benefit of 75% of the amount paid to you shall be paid to your beneficiary

Ex.	Your Monthly Benefit	Benefit to Beneficiary
	\$588.00	\$441.00

- **50% Joint and Survivor Annuity**

A retirement benefit of 50% of the amount paid to you shall be paid to your beneficiary

Ex.	Your Monthly Benefit	Benefit to Beneficiary
	\$608.00	\$304.00

- **25% Joint and Survivor Annuity**

A retirement benefit of 25% of the amount paid to you shall be paid to your beneficiary

Ex. Your Monthly Benefit
\$628.00

Benefit to Beneficiary
\$157.00

- **5 Year Certain Annuity**

A retirement benefit that is made to you for life, but is guaranteed for a minimum of five years following retirement. If you die before the five year period, payments will continue to your designated beneficiary or estate for the balance of the five year period.

- **10 Year Certain Annuity**

A retirement benefit that is made to you for life, but is guaranteed for a minimum of ten years following retirement. If you die before the ten year period, payments will continue to your designated beneficiary or estate for the balance of the ten year period.

ORDINARY DEATH BENEFIT

An ordinary death benefit will be paid to your designated beneficiary if:

- you were on the payroll at the time of your death; or
- you were off the payroll, or were on leave at the time of your death, and you meet all of the following conditions:
 - you had credit for at least one year of continuous service;
 - you were on the payroll, in service and paid within the last 12 months before your death; and
 - you were not gainfully employed since last on the payroll

The amount of this death benefit is based on your years of service:

Years of Service	Lump Sum Benefit
One year, but fewer than two years	One year's current salary
Two years, but fewer than three years	Two times current salary
Three years or more	Three times current salary (Current salary includes overtime pay)

After age 60, the death benefit is reduced if you are still working for the Company as follows:

AGE AT DEATH	AMOUNT OF BENEFIT
61	96%
62	92%
63	88%

64	84%
65	80%
66	76%
67	72%
68	68%
69	64%
70 or older	60%

At retirement, the Ordinary Death Benefit is reduced as follows:

First Year of Retirement	50% of your pre-retirement amount
Second Year of Retirement	25% of your pre-retirement amount
Third Year and thereafter	10% of your pre-retirement amount at age 60

If you retire prior to age 60, your Ordinary Death Benefit is 10% of your pre-retirement death benefit.

ACCIDENTAL DEATH BENEFIT

- This benefit is equal to 50% of your final average salary paid in a form of a pension and is paid on a monthly basis. This benefit is paid to your Eligible Beneficiaries, who are your spouse, or, if none, children up to age 25 or, if none, dependent parent(s).

DEFERRED VESTED DEATH BENEFIT

The Plan also pays a death benefit to your designated beneficiary if you die after you leave the Company with 10 or more years of Credited Service. The Deferred Vested Death Benefit is equal to one half of the amount that would have been payable under the Ordinary Death Benefit, had you died on your last day of work.