



November 15, 2011

To: SRNS and SRR Pension Plan Participants

SRNS, LLC Multiple Employer Pension Plan (Pension Plan) Notification of Changes effective January 1, 2012

A communication was sent earlier this Spring, regarding potential benefit changes under serious consideration. The Pension Plan changes (as outlined on the attached required 204(h) notification) have now been approved and will be effective January 1, 2012.

A brief summary of changes:

- Incentive compensation will no longer be included in the Pension Based Earnings calculation, applicable to incentive compensation awards paid after December 31, 2011.
- The Supplemental Payment under the Incapability Retirement option is being eliminated for new claimants.
- You will no longer be charged for a pre-retirement death benefit and this benefit will only be paid to a surviving spouse, or if there is no surviving spouse to minor children to age 21.
- Your employer paid survivor benefit (approximately 40 percent) will be calculated and frozen as of December 31, 2011. Future retirees and retirees who have not yet begun collecting a pension will continue to have the option to purchase additional survivor coverage.
- Your Social Security earnings from SRS companies who participated in the Pension Plan will be the only earnings considered when calculating the payment under the Income Leveling option.

A summary of who is impacted by these changes:

Retired or Terminated Employees currently collecting a Pension Plan benefit: These changes do *not* affect your benefit.

Retired or Terminated Employees who have not yet begun collecting a Pension Plan Benefit: The following changes may apply to you:

- Pre-Retirement Death Benefit changes (#3 of 204(h) Notice),
- Post Retirement Death Benefit, Survivor Annuitant Option (#4 of 204(h) Notice), and
- Income Leveling – Social Security (#5 of 204(h) Notice) may apply to you.

The other changes do not apply as you have terminated employment.

Active Incumbent Employees still accruing a benefit in the Pension Plan:

All of these changes do apply to you.

If you have any questions, contact the SRNS Benefits Solution Center at 725-7772, or send an email to "SERVICE-CENTER.@srs.gov"



NOTICE OF PLAN AMENDMENTS
Summary of Material Modification
and 204(h) Notice

To: Participants in the Savannah River Nuclear Solutions, LLC Multiple Employer Pension Plan (“Plan”) and their Beneficiaries and Alternative Payees under a Qualified Domestic Relations Order.

Re: Changes to: Pay; Incapacity Retirement; Pre- and Post-Retirement Death Benefit; Income Leveling; Survivor Annuitant Options

I. Introduction

This Notice is being provided pursuant to Section 204(h) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and Section 4980F of the Internal Revenue Code, as amendments have been adopted to the above-referenced Plan that may reduce the amount of the future benefit that you receive from the Plan. It is also intended to serve as a summary of material modification of all recently adopted amendments, regardless of whether such amendments are subject to Section 204(h) notice requirements.

II. Explanation of Amendments

A description of the current Plan provision, the amendment, and the effect of the amendment are set forth below.

1. Incentive Pay

- (a) Current Plan Provision. One-half of an incentive compensation award received within 120 days of retirement or termination of employment is included as “Pay” for retirement plan purposes.
- (b) Plan Amendment. Effective January 1, 2012, incentive compensation is no longer included as “Pay” for retirement plan purposes. However, when calculating Pay for retirement plan purposes, a Member’s Average Monthly Pay shall never be less than a Member’s Average Monthly Pay as of December 31, 2011. The Plan amendment also clarified that a lump sum payment made in lieu of a base salary increase will not be considered “Pay” for retirement purposes.

- (c) Effect of Amendment. Because incentive pay will no longer be included as “Pay” for retirement purposes, an individual who receives incentive pay awards, after December 31, 2011, may receive a lower pension than the individual would have received before the amendment. However, an individual’s “Pay” as of December 31, 2011 shall be preserved and an individual’s Average Monthly Pay for pension purposes shall never be less than it was as of December 31, 2011.

2. Incapability Retirement.

- (a) Current Plan Provision. If you are entitled to an Incapability Retirement Benefit you may also be entitled to receive Incapability Supplemental Pay equal to the greater of 50% of your Primary Social Security Benefit, or \$90 a month. This amount may be payable until the earlier of: (i) the effective date of a Social Security Disability Award or (ii) eligibility to receive a Social Security Retirement (age 62) benefit.
- (b) Plan Amendment. Effective January 1, 2012, the Incapability Supplement payment has been eliminated.
- (c) Effect of the Amendment. For individuals who qualify for an Incapability Retirement on or after January 1, 2012, the total payments received under the Plan due to your Incapability Retirement may be reduced because you are no longer entitled to an Incapability Supplemental payment. However, individuals who received an Incapability Retirement Supplement prior to January 1, 2011 will continue to receive such benefit in accordance with the terms of the prior Plan provisions.

3. Pre-Retirement Death Benefit.

- (a) Current Plan Provision. The pre-retirement death benefit, unless waived by the spouse, is paid for by you as a reduction to your pension payment. If your spouse pre-deceases you, a pre-retirement death benefit could be paid to minor children or parents.
- (b) Plan Amendment. Effective for retirements on or after January 1, 2012, you will no longer be charged for a pre-retirement death benefit. In addition the pre-retirement death benefit will only be paid to a surviving spouse, or if there is no surviving spouse to minor children to age 21.
- (c) Effect of the Amendment. Effective January 1, 2012, the plan will fully subsidize the pre-retirement death benefit. This means that your pension benefit will no longer be reduced to pay for this benefit. The amount of the benefit payable is 50 percent of the benefit that would have been payable to you if you survived to the earliest retirement age under the Plan, elected a 50 percent joint and survivor annuity, and then died. The benefit will be reduced for commencement at a date earlier than your normal retirement age. If your spouse predeceases you and you have

minor children, the children shall receive a pro rata share of a benefit equal to 40% of your accrued benefit payable in the form of a single life annuity at normal retirement age, such benefit payable until the child attains age 21. Parents are no longer eligible to receive a pre-retirement death benefit.

4. Post-Retirement Death Benefit, Survivor Annuitant Option.

- (a) Current Plan Provision. If you die after retirement and after attaining age 50 with 15 years of Eligibility Service at the time of retirement, your spouse is entitled to receive an employer paid death benefit that is approximately 40 percent of your retirement benefit. If your spouse predeceased you, such benefit was payable to minor children to age 21, or to a parent or step-parent. In addition, if you retire after age 50 with 25 years of Eligibility Service or after attaining eligibility for an unreduced pension under certain provisions of the Plan, you are entitled to elect a spouse or non-spouse annuitant to receive survivor benefits upon your death.
- (b) Plan Amendment. Effective January 1, 2012, the employer paid post-retirement death benefit will no longer be paid with respect to any service or Pay received or accrued after December 31, 2011. Thus, the employer paid death benefit will be approximately 40 percent of the retirement benefit you accrued as of December 31, 2011. A parent or step-parent can no longer receive the death benefit, but such individual can now receive a survivor's benefit as an annuitant. No post-retirement death benefit will be provided on service or Pay after December 31, 2011, unless you elect to receive your retirement benefit in the form of a joint and survivor annuity benefit. In such a case, the post-retirement death benefit is paid by you, through an actuarial reduction to your pension, and is no longer paid by the employer. In addition, effective January 1, 2012, with spousal consent, you may elect a spouse or non-spouse annuitant to receive survivor benefits, regardless of your years of service under the Plan.
- (c) Effect of the Amendment. Your employer paid post-retirement death benefit based on Pay and service through December 31, 2011, will be preserved and payable to your spouse, assuming you have attained age 50 with 15 years of Eligibility Service at the time of your retirement. If you have no surviving spouse, your employer paid post-retirement death benefit will be payable pro rata to minor children until age 21. A parent or step-parent can no longer receive the death benefit, but such individual can now receive a survivor's benefit as an annuitant. There will no longer be an employer provided post-retirement death benefit with respect to Pay and Service after December 31, 2011. Therefore, the employer provided death benefit has been reduced for employees with service after December 31, 2011. With spousal consent, effective January 1, 2012, you may elect

a spouse or non-spouse annuitant to receive survivor benefits upon death, regardless of your years of service under the Plan.

5. Income Leveling – Social Security.

- (a) Current Plan Provision. The Social Security Leveling Option is available to retirees, other than deferred vested retirees or those retiring on an incapability retirement pension. Eligible retirees who retire prior to attainment of age 62 are entitled to elect a Social Security leveling option. Under this provision, the amount of your pension is adjusted actuarially to provide a larger pension payment prior to age 62 and a smaller pension payment after age 62, when you become eligible to receive social security retirement benefits. The idea is to attempt to maintain a somewhat level stream of retirement income when both your company pension and your Social Security pension are taken into consideration. If you provide the Plan Administrator with your social security wage history, your actual social security wage history from all employers will be utilized when calculating the payments under the Social Security leveling option.
- (b) Plan Amendment. Effective January 1, 2012, only your Social Security earnings from an employer sponsoring the Plan will be considered when calculating the payment under the Social Security leveling option. Also, in accordance with IRS regulations, the Social Security Leveling Option will be restricted if the Plan's funded status falls below 80 percent.
- (c) Effect of the Amendment. The amount you receive as your pension maintains the same actuarial value; it is not increased or decreased. However, if you have substantial earnings from employers other than the employers that are sponsoring the Plan, the amount of the pension that you receive prior to age 62 may be lower than the amount that you would have received prior to the amendment. However, in such a case, the amount you receive after age 62 would be higher than the amount that you would have received prior to the amendment. In addition, the election of the Social Security Income Leveling Option will be restricted when the Plan's funded status falls below 80 percent.

III. Questions

Please submit any questions that you may have to Service-Center@srs.gov. You may also request a copy of the amended plan document. The Employer reserves the right to amend these provisions or any other Plan provisions or to terminate the Plan, at any time for any reason.

Date of Notice: November 15, 2011