

# **Your Pension Plan Benefits**

## **Importance of naming a beneficiary**

Even though you do not have to enroll to participate, it is important that you name a beneficiary under the Plan. You can request a Pension Plan Preretirement Beneficiary Authorization Form by contacting the Verizon Benefits Center or by going online on the BenefitsConnection website. It is important to complete this form if you wish for your designated beneficiary to receive a survivor benefit if you should die after earning the right to a vested benefit (see "Preretirement survivor death benefit" in the "Benefits for survivors" section for more information).

Effective May 30, 2016, a pension pre-retirement death benefit will no longer be forfeited if you are not married and don't have a beneficiary on file when you die. Vested participants who are eligible to name non-spouse beneficiaries but who die prior to payment without having a valid beneficiary on file will have a pre-retirement death benefit paid to their estate. This benefit will be paid as a lump sum in the amount that would have been paid to a single beneficiary of the same age as the participant.

## **If you're laid off and then recalled to work**

If you are hired before October 28, 2012, laid off and then subsequently recalled to employment other than as a Pension New Hire, you will be eligible to continue to participate in the Pension Plan.

## **If you're reemployed or transferred**

If you are reemployed in or transferred to a position as an eligible associate of a participating company, you are not designated as a Pension New Hire and you were previously employed by the company as a union represented associate prior to October 28, 2012, you are immediately eligible to participate in the Plan if you are at least age 21 and you had at least one year of ERISA service at any Affiliate Company at the time you're reemployed or transferred, and:

- You previously had terminated with a vested right to your benefit from the Plan. (Under the Plan, you are "vested" if you are credited with at least five years of ERISA service after age 18 or if you are employed by a participating company or an Affiliate Company at normal retirement age (age 65).)
- You directly transferred from another Affiliate Company.
- You are recalled to employment within 36 months of a layoff.
- You are reinstated to employment as a result of settlement of a grievance or arbitration of your dismissal, unless the settlement or arbitration award provides otherwise.
- You had an interruption of employment, but you still completed more than 500 hours of service during each calendar year affected by the interruption.

If you do not meet any of the above criteria, you must complete one year of ERISA service for participation (measured from your reemployment or transfer date or a subsequent calendar year) before participation in the Plan begins or resumes.

**For example**, assume you are age 25 and worked at a participating Verizon company for one year and six months when you terminated employment. Then, you return two years later to work as an eligible associate at a participating company. Because you do not meet any of the above criteria, you will meet

the eligibility requirement to resume participation in the Plan only after you complete one year of ERISA service for participation following your return.

**Important note**

Rules in effect for Plan periods prior to January 1, 2014 may differ and affect how your service is counted for certain prior periods. Call the Verizon Benefits Center if you have questions about the service you have accumulated.

**How service is counted**

Once you earn one year of ERISA service for participation in the Plan, you continue to earn service during your continuous participation for purposes of determining the amount of your benefit (pension accrual service), during your continuous employment for your eligibility for a service pension (net credited service) and service for vesting in your benefit if you leave before you are eligible for a service pension (ERISA service). A general description of each type of service follows. (See "Effect of break in employment" in the "Participation and service" section for additional information about the effect of a break in service.)

Type of service	General purpose	How it's counted
Net Credited Service	Used to determine service pension eligibility	In general, net credited service is your total years, months and days of continuous employment as an eligible associate with any participating company(ies). Your net credited service may be affected if you have a non-credited period of absence or if you are a rehired associate who previously received a pension in the form of a lump-sum cashout. See the "Effect of break in employment" and "Bridging" after a break in employment" sections for more information.
Pension Accrual Service	Used to determine amount of pension benefit	In general, pension accrual service is counted the same way as net credited service – in years, months and days. However, there are periods for which you may receive net credited service – for example, while employed by a nonparticipating Affiliate Company or while participating in another company- sponsored pension plan – which will not count as pension accrual service for this Plan.  Carrier call representatives who became eligible to participate in the Plan on January 1, 2001 will have taken into account, for purposes of determining net credited service and pension accrual service, any period of associate employment as a carrier call representative with a participating company that occurred on or after January 1, 1996 and prior to January 1, 2001. This is true even though the associate was not eligible to participate in the Plan during that service.

Type of service	General purpose	How it's counted
ERISA Service	Used to determine eligibility to participate and vesting	<p>ERISA service is used to determine your eligibility to participate and for vesting in your benefit. You "vest" or gain ownership in your Plan benefit after you complete 5 years of ERISA service with a participating company or an Affiliate Company or if you are employed by a participating company or an Affiliate Company at normal retirement age (age 65).</p> <p>For purposes of vesting, ERISA service is counted the same way as net credited service – in years, months and days, but excluding service before you reach age 18. (For participation purposes only, you also must be credited with at least 1,000 hours of service in the year you are hired, any 12 consecutive-month period beginning on an anniversary of the date you are hired or any subsequent calendar year.)</p>
Hours of Service	Used to determine ERISA service for participation	<p>Hours of service are hours you are paid by the Company (including paid vacation, holidays, sick days and other days for which you are entitled to receive pay) up to the date you terminate employment. These government rules are used for counting your hours of service:</p> <ul style="list-style-type: none"> <li>• If you are a full-time employee, you will be credited with 45 hours of service for each week you complete 1 hour of service or more.</li> <li>• If you are a part-time employee or you are employed 30 days or less in a calendar year and work no more than 3 consecutive weeks, you will be credited with 10 hours of service for each day you work 1 hour or more.</li> </ul>

### Effect of part-time service

If you have worked part-time during your career (with the exception of part-time work under a Gradual Return to Work arrangement – see below), your total ERISA service and net credited service – part-time and full-time service combined – will be used to determine whether or not you are eligible for a pension benefit. However, in determining your basic pension (see "Basic benefit formula" and "Pension band basic monthly benefit" in the "How your benefit is determined" section for more information), pension accrual service will be prorated and adjusted accordingly to reflect your part-time service. (Any supplemental pension benefit is determined without regard to part-time service.)

If you worked part-time under a Gradual Return to Work arrangement during your career, you will continue to have the same status, for purposes of determining service, that you had prior to going on leave. For instance, if you worked full-time prior to your Gradual Return to Work arrangement, you will earn service as a full-time employee – even though you may be working fewer hours.

### **Service during an absence**

You continue to earn service (net credited service, pension accrual service and ERISA service) during certain credited periods of approved absence:

- While you are on an excused absence of less than one month, you continue to earn service for the first 30 days of absence.

In addition, you continue to earn service beyond 30 days for the following types of approved absences and leaves.

- **Sickness and accident disability absence.** While you are receiving sickness disability benefits (for up to 52 weeks) or accident disability benefits under the Verizon Sickness and Accident Disability Benefit Plan for Mid-Atlantic Associates ("Sickness and Accident Plan")
- **Temporary layoff.** Up to the first 12 months of a temporary layoff of less than 36 months
- **Temporary layoff.** Up to the first 12 months of a temporary layoff of greater than 36 months if you meet all of these requirements:
  - Complete one year of ERISA service to resume participation
  - Had at least six months of net credited service before the break
  - Generally, complete one year of continuous net credited service after reemployment (See "Effect of break in employment" section for additional information about the effect of a break in service.)
- **Leave of absence.** Any leave of absence after January 1, 1990, of up to 12 months
- **Military leave.** Any military leave of absence from which you return to active employment within the period during which your re-employment rights are protected by law.
- **Settlement, award or order.** A former associate who is reemployed by a participating company due to a settlement, award or order involving either litigation, arbitration or a grievance under the applicable collective bargaining agreement relating to the associate's earlier termination may receive none, some or all of the period of time the employee is not on the payroll for net credited service, pension accrual service and ERISA service based on the terms of the Plan, your bargaining agreement, and the settlement, award or order.

Please contact the Verizon Benefits Center for more information about each type of absence.

### **Losing service during an absence**

You will keep the net credited service and ERISA service you earned before an absence, but you will not receive service for the period of absence if your absence from employment is for any of the following reasons:

- A temporary layoff of more than 12 months but less than three years. **Note:** you will receive service credit for the first 12 months of your layoff.
- A leave of absence following the expiration of Sickness Disability Benefits under the Sickness and Accident Plan, provided the Company grants you a leave of absence.
- Any leave of absence lasting longer than 12 months, unless it has been specified that net credited service and/or vesting service will be granted beyond the first 12 months.
- Any break in employment of six months or less. However, you will be credited with vesting service but not net credited service or pension accrual, for any break in employment of 12 months or less.

### **Effect of break in employment**

If you have an absence that does not qualify for credit under any of the categories discussed above, you will have a break in employment, which may result in a loss of net credited service, pension accrual service and/or ERISA service for vesting that you earned before the absence that caused the break.

If your break in service was less than six months, you can regain "lost" service under the "bridging" rules upon your rehire. If your break in service was more than six months and you had at least six months of continuous net credited service before the break in employment began, you can regain "lost" service under the "bridging" rules shown in the chart under "'Bridging' after a break in employment." These rules require you to complete a certain amount of additional service to regain your prior service for purposes of ERISA service for vesting, pension accrual service for calculating your pension and net credited service for determining your eligibility for a service or disability pension. If you do not complete the additional service needed to regain your prior service, that prior service will be lost.

### **Special rule for anticipated disability leave, sickness disability and/or care of newborn child leave:**

If you are absent due to your pregnancy, birth of your child or care of your child following birth, adoption or placement of a child in your home for adoption, and you notify the company that your absence is for one of these reasons, special rules apply in determining whether you have a break in employment of more than 12 months. In general, your break in employment (for purposes of applying the chart under "'Bridging' after a break in employment") will be treated as beginning on the second anniversary of the start of your absence, although you will not receive credit for service for more than one year of the absence.

**Special rule for certain rehired service pensioners:** If you are a service pensioner who is rehired as an eligible associate represented by the Communications Workers of America, and you previously terminated as a result of a surplus condition for which you received severance benefits under the Income Security Plan or under circumstances leading to your reemployment under the terms of an arbitration award or grievance proceeding, your ERISA service, pension accrual service and net credited service immediately will be bridged when you are rehired. Other rehired service pensioners will qualify for bridging, as described in the chart under "'Bridging' after a break in employment."

**Special rule for certain rehired employees who received cashouts:** If you received a lump-sum distribution of your benefit from the Plan when you previously terminated employment and you are rehired as an eligible associate, you might qualify for immediate bridging of your prior service under one of the following rules:

- Your prior ERISA service, pension accrual service and net credited service immediately will be bridged upon your rehire as an eligible associate if:
  - You received a cashout of your Plan benefit on or after January 1, 1994;
  - You are rehired as an eligible associate represented by the Communications Workers of America or Local 827 of the International Brotherhood of Electrical Workers (IBEW); and
  - You previously terminated employment as a result of the Company's declaring your position surplus or under circumstances leading to your reemployment as a result of a ruling of a court, an arbitrator, the Plan's claims or appeals administrator or a settlement of a grievance or other dispute.
  - Your prior ERISA service, pension accrual service and net credited service immediately were bridged and you received credit for your period of layoff if you were laid off in 2002 or 2003 and you returned to work under an arbitration agreement agreed to by your bargaining unit after receiving a cashout of your Plan benefit.
  - you are reemployed by a participating company due to a settlement, award or order involving either litigation, arbitration or a grievance under the applicable collective bargaining agreement.

If you qualify for bridging after a cashout under either of the rules described above, your pension amount at your subsequent termination of employment will be calculated based on all of your service, but will be reduced for your prior lump sum, as described below:

- **Deferred vested pension to deferred vested pension:** Your pension benefit, calculated using all of your service earned before and after your cashout, that is payable at normal retirement age is reduced by the benefit, expressed as a single life annuity, payable at your normal retirement age that was previously cashed out.
- **Deferred vested pension to service pension:** Your pension benefit, calculated using all of your service earned before and after your cashout, that is payable at normal retirement age is reduced by the benefit that was previously cashed out, expressed as a single life annuity, payable at your age at second termination, reduced for payment prior to normal retirement age using the reduction factors for deferred vested pensions.
- **Service pension to service pension:** Your pension benefit, calculated using all of your service earned before and after your cashout, that is payable at your second termination is reduced by the benefit that was previously cashed out, expressed as a single life annuity payable at your age at your first termination, reduced for early payment using the reduction factors for service pensions.

If you do not qualify for bridging after a cashout as described above, your prior ERISA service will be bridged upon rehire, as described in the chart under "Bridging' after a break in employment." However, your prior net credited service and pension accrual service will not be counted upon your rehire and your pension amount will be calculated based only on your net credited service and pension accrual service earned after your rehire.

**Important note:**

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When you have a break in employment, you may lose service previously earned.

**"Bridging" after a break in employment**

If you return to work after an absence of:	Then:
6 months or less	<p>You immediately will be credited with the full amount of your prior ERISA service. You also receive ERISA service for the period of your absence. If you did not receive a lump-sum cashout of your benefit when you previously terminated employment or, if you qualify for bridging after a cashout as described under "Special rule for certain rehired employees who received cashouts", you also immediately will be credited with the full amount of your prior net credited service and pension accrual service.</p>
More than 6 months, but 12 months or less**	<ul style="list-style-type: none"> <li>• You immediately will be credited with the full amount of your prior ERISA service. You also receive ERISA service for the period of your absence.</li> <li>• You immediately will be credited with the full amount of your prior pension accrual service if you did not receive a lump-sum cashout of your benefit when you previously terminated employment. If you received a lump-sum cashout, your prior pension accrual service will not be credited unless you qualify for bridging under the "Special rule for certain rehired employees who received cashouts" above.</li> <li>• You will be credited with your prior net credited service if you did not receive a lump-sum cashout of your benefit when you previously terminated employment and:             <ul style="list-style-type: none"> <li><input type="checkbox"/> If you were not eligible for a service or disability pension when you terminated employment, you complete 12 or more months of continuous net credited service as an eligible associate immediately following your return from the break, or</li> <li><input type="checkbox"/> If you were eligible for a service or disability pension when you terminated employment (and you do not qualify for bridging under the "Special rule for certain rehired service pensioners"), you complete 5 or more years of continuous net credited service as an eligible associate immediately following your return from the break.</li> </ul> </li> </ul> <p>If you received a lump-sum cashout, your prior net credited service will not be credited unless you qualify for bridging under the "Special rule for certain rehired employees who received cashouts" above. If pre-break service is not bridged, your net credited service date is your reemployment commencement date.</p>



If you return to work after an absence of:	Then:
<p>More than 12 months and you had 5 or more years of ERISA service when you left**</p>	<ul style="list-style-type: none"> <li>• You will be credited with the full amount of your prior ERISA service if you complete 1 year of ERISA service after you return to work for Verizon</li> <li>• You will be credited with the full amount of your prior pension accrual service if you complete 1 year of ERISA service after you return to work and you did not receive a lump-sum cashout of your benefit when you previously terminated employment. If you received a lump-sum cashout, your prior pension accrual service will not be credited unless you qualify for bridging under the "Special rule for certain rehired employees who received cashouts" above.</li> <li>• You will be credited with your prior net credited service if you did not receive a lump-sum cashout of your benefit when you previously terminated employment and: <ul style="list-style-type: none"> <li><input type="checkbox"/> If you were not eligible for a service or disability pension when you terminated employment, you complete 12 or more months of continuous net credited service as an eligible associate immediately following your return from the break, or</li> <li><input type="checkbox"/> If you were eligible for a service or disability pension when you terminated employment (and you do not qualify for bridging under the "Special rule for certain rehired service pensioners"), you complete 5 or more years of continuous net credited service as an eligible associate immediately following your return from the break.</li> </ul> </li> </ul> <p>If you received a lump-sum cashout, your prior net credited service will not be credited unless you qualify for bridging under the "Special rule for certain rehired employees who received cashouts" above. If pre-break service is not bridged, your net credited service date is your reemployment commencement date.</p>
<p>More than 12 months, but less than 5 years and you did not have 5 or more years of ERISA service (or otherwise have a right of a deferred vested pension) when you left**</p>	<ul style="list-style-type: none"> <li>• You will be credited with the full amount of your prior ERISA service if you complete 1 year of ERISA service after you return to work for Verizon</li> <li>• You will be credited with the full amount of your prior pension accrual service if you complete 1 year of ERISA service after you return to work for Verizon</li> <li>• You will be credited with your prior net credited service if you complete 12 or more months of continuous net credited service as an eligible associate immediately following your return from the break.</li> </ul> <p>If pre-break service is not bridged, your net credited service date is your reemployment commencement date.</p>
<p>5 or more years and you did not have 5</p>	<p>You will be credited with the full amount of your prior</p>

If you return to work after an absence of:	Then:
or more years of ERISA service (or otherwise have a right of a deferred vested pension) when you left**	ERISA service, pension accrual service and net credited service for all purposes only if you complete 12 or more months of continuous net credited service as an eligible associate immediately following your return from the break. If pre-break service is not bridged, your net credited service date is your reemployment commencement date.

\*\*As noted above, you generally must have completed at least 6 months of net credited service before your break in employment in order to qualify for service bridging. In addition, you may qualify for immediate bridging of your prior service under the terms of settlement, award, or order involving either litigation, arbitration, or a grievance under your collective bargaining agreement.

### Transfers between Verizon pension plans

If you transfer to an ineligible job classification, so that you become eligible for another Company-sponsored pension plan or you are a newly transferred associate who becomes eligible for this Plan, ERISA service under both plans generally will be used to determine whether you are vested in a benefit from this Plan or any other Company-sponsored plan.

How your benefit will be calculated after a transfer is addressed in the more detailed service rules included in the Appendix to the Verizon Pension Plan for Mid-Atlantic Associates and in the provisions of the plan in which you were participating prior to the transfer or the plan you will be participating in after the transfer.

If you have questions about the effect of a transfer on your Plan benefits, call the Verizon Benefits Center.

### Interchange or portability agreements and related rules

#### If you are hired by an Interchange company

The Company has interchange agreements with certain prior Bell System companies. These agreements provide for the portability of service and benefits between pension plans. Companies that are covered by such agreements are known as interchange or portability companies. Please note that, in general, former GTE companies and former MCI companies are not interchange or portability companies.

The interchange agreement generally provides that if you are a covered employee who works at any Verizon subsidiary that is a portability company and you are hired by a different portability company and certain conditions are met, your new employer must recognize your prior net credited service and ERISA service under the Verizon Pension Plan for Mid-Atlantic Associates and pay you any future pension benefit. The exceptions are as follows:

- If you sign a Waiver of Portability when you join a new company, or you have previously signed a Waiver of Portability, you cannot transfer prior net credited service or ERISA service under the Plan to your new employer's plan. Instead, you will continue to receive a pension benefit under the Plan and you will begin work at the new portability company with the status of a new hire. If you sign a Waiver of Portability, this applies for any portability company you may work for in the future.

- If you received a lump-sum distribution of your pension benefit, special rules apply. (Check with your new employer.)

If you plan to take a job with an interchange or portability company, you always should check with the hiring company to make certain it is, in fact, an interchange or portability company.

For an employee who leaves a prior portability company and accepts employment with Verizon in a position that makes the employee eligible for portability, the employee may either elect portability treatment or waive it. If portability is waived, any prior pension that is in pay status continues, and any prior right to receive retiree health or insurance benefits continues during employment with Verizon. If portability is accepted, the service is transferred, but prior pension and retirement benefits cease, and the employee agrees that eligibility for pension and retirement benefits will depend on the terms of Verizon's plans.

An employee's prior lump-sum cashout of a pension from a prior portability company does not disqualify the employee from electing to be covered by portability if the employee otherwise is eligible. Instead, the prior service will be credited but the value of the lump-sum cashout eventually will be offset against the pension that eventually is payable under this Plan. Special rules apply to the manner in which the prior lump-sum cashout is offset against the full portability benefit under this Plan. For further information, contact the Verizon Benefits Center.

### **Essential conditions that must be met to be eligible for portability**

You must meet all of the following conditions to be eligible for portability of your service to or from another employer's plan:

1. On December 31, 1983, you must have been employed by a portability company in a covered position or on a leave of absence from a position covered by those pension plans provided that you were reinstated or recalled to that position before the leave expired.
2. On the date of your termination from a portability company after December 31, 1983, you must have been employed in a covered position with that portability company.
3. On the date of your employment with a new portability company, you must be employed in a covered position with the new company.
4. If you were a supervisory employee upon leaving a prior portability company, your pay must not be higher than certain limits (amounts available on request from the Verizon Benefits Center).

### **What is a portability company?**

Former pre-January 1, 1984 Bell System companies, and certain of their affiliated companies formed at or after the January 1, 1984 breakup of the Bell System, are treated as portability companies. If you are considering employment with a company, you may contact the Verizon Benefits Center to find out whether the company you are considering is a portability company.