



Update to “YOUR PENSION PLAN BENEFITS” SPD Booklet: Summary of pension benefit changes resulting from 2016 collective bargaining

The purpose of this update

This information supplements the current “YOUR PENSION PLAN BENEFITS” summary plan description (“SPD”) booklet for the Verizon Pension Plan for Mid-Atlantic Associates (“Plan”), a component of the Verizon Pension Plan for Mid-Atlantic and South Associates.

This update is a summary of material modification (“SMM”) and includes the most recent collectively bargained provisions related to pension benefits. Any term that is a defined term within the Plan itself retains the same meaning when used in this SMM.

Every effort has been made to ensure the accuracy of the information included in this SMM, which is based on the Plan document. If, however, there is a discrepancy between the information contained in this SMM and the official Plan document, the Plan document will govern. Copies of Plan documents are available by contacting the Plan administrator.

Please keep this SMM with your current Plan SPD booklet for future reference.

If you have any questions about this SMM, you may contact the Verizon Benefits Center at 1.855.4VzBens (1.855.489.2367). Representatives are available Monday through Friday, 9 AM to 5 PM, Eastern time.

Verizon Benefits Center

Changes to the Verizon Pension Plan for Mid-Atlantic Associates

Renewal of pension cash-out window

The lump sum cashout window has been extended through the term of the 2016 bargaining agreements, which expires on August 3, 2019. Participants who terminate employment after the expiration of the 2012 bargaining agreements and during the term of the 2016 bargaining agreements will be eligible to commence a lump sum or annuity under the rules outlined in the Plan.

Revised lump sum basis

The GATT lump sum basis will remain unchanged, except that effective on and after December 31, 2016 it will use the mortality tables specified in the Internal Revenue Code in effect for 2016. Use of the 2016 mortality tables will not be changed even if the IRS publishes new or updated mortality tables in the future. This revised GATT lump sum calculation will apply effective on and after December 31, 2016 to all lump sum eligible participants who have not yet commenced their pension benefit.

New potential death benefit to estate

Effective May 30, 2016, a pension 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 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.

Each participant is encouraged to regularly review his or her current beneficiary designation, and either update such designation or designate a beneficiary, as applicable. Call the Benefits Center for more information regarding beneficiary designations or visit BenefitsConnection at verizon.com/benefitsconnection. From the home page, select **My Profile > I want to > View Beneficiary Information > Make beneficiary changes**.

Pension Band increases

Pension Band Amounts will increase for eligible employees who terminate employment on or after the Pension Band Effective Dates shown below:

<u>Pension Band effective date</u>	<u>Percentage increase</u>
1. September 15, 2016	1.0%
2. September 15, 2017	1.0%
3. September 15, 2018	1.0%

**Verizon Pension Plan for Mid Atlantic Associates (VPPMAA) Pension Band Amounts
for CWA and IBEW beginning October 1, 2010, and newly effective from September 15, 2016**

Pension Band Number	Monthly Pension Band amount applied for Pension Effective Dates on or after October 1, 2010 and before September 15, 2016	Monthly Pension Band amount applied for Pension Effective Dates on or after September 15, 2016 and before September 15, 2017	Monthly Pension Band amount applied for Pension Effective Dates on or after September 15, 2017 and before September 15, 2018	Monthly Pension Band amount applied for Pension Effective Dates on or after September 15, 2018
101	\$38.76	\$39.15	\$39.54	\$39.94
102	\$40.36	\$40.76	\$41.17	\$41.58
103	\$41.99	\$42.41	\$42.83	\$43.26
104	\$43.64	\$44.08	\$44.52	\$44.97
105	\$45.27	\$45.72	\$46.18	\$46.64
106	\$46.93	\$47.40	\$47.87	\$48.35
107	\$48.54	\$49.03	\$49.52	\$50.02
108	\$50.15	\$50.65	\$51.16	\$51.67
109	\$51.84	\$52.36	\$52.88	\$53.41
110	\$53.44	\$53.97	\$54.51	\$55.06
111	\$55.08	\$55.63	\$56.19	\$56.75
112	\$56.70	\$57.27	\$57.84	\$58.42
113	\$58.34	\$58.92	\$59.51	\$60.11
114	\$60.01	\$60.61	\$61.22	\$61.83
115	\$61.62	\$62.24	\$62.86	\$63.49
116	\$63.25	\$63.88	\$64.52	\$65.17
117	\$64.84	\$65.49	\$66.14	\$66.80
118	\$66.55	\$67.22	\$67.89	\$68.57
119	\$68.17	\$68.85	\$69.54	\$70.24
120	\$69.78	\$70.48	\$71.18	\$71.89
121	\$71.41	\$72.12	\$72.84	\$73.57
122	\$73.06	\$73.79	\$74.53	\$75.28
123	\$74.69	\$75.44	\$76.19	\$76.95
124	\$76.34	\$77.10	\$77.87	\$78.65
125	\$77.96	\$78.74	\$79.53	\$80.33
126	\$79.58	\$80.38	\$81.18	\$81.99
127	\$81.23	\$82.04	\$82.86	\$83.69
128	\$82.83	\$83.66	\$84.50	\$85.35
129	\$84.50	\$85.35	\$86.20	\$87.06
130	\$86.09	\$86.95	\$87.82	\$88.70
131	\$87.77	\$88.65	\$89.54	\$90.44
132	\$89.41	\$90.30	\$91.20	\$92.11
133	\$91.02	\$91.93	\$92.85	\$93.78
134	\$92.68	\$93.61	\$94.55	\$95.50
135	\$94.26	\$95.20	\$96.15	\$97.11

Example: Service Pension Retirement Benefit

A Service Pension Retirement benefit payable at age 58.5833 assuming last day worked on December 31, 2016, retirement on January 1, 2017 and:

- pension band number is 124; according to the table, the monthly benefit is \$77.10.
- 20 years and 7 months (or 20.5833 years) of pension accrual service at retirement.
- average amount of supplemental monthly payments during the last 36 months is \$1,000.

The pension benefit is calculated as follows:

Step 1

$$\begin{array}{r} \$ 77.10 \quad \text{pension band monthly benefit} \\ \times \quad 20.5833 \quad \text{years of pension accrual service} \\ \hline = \$1,586.98 \quad \text{basic monthly benefit} \end{array}$$

Step 2

$$\begin{array}{r} \$1,000.00 \quad \text{average annual supplemental pay during the 36 months prior to retirement} \\ \times \quad 0.001 \\ \times \quad 20.5833 \quad \text{years of pension accrual service} \\ \hline = \$ 20.59 \quad \text{supplemental monthly benefit} \end{array}$$

Step 3

\$1,586.98 + \$20.59 = \$1,607.57 monthly benefit payable as a single life annuity starting on the early retirement date (the early retirement benefit is unreduced because the participant is Service Pension Eligible on the last day worked and is over age 55 on the Benefit Commencement Date).

In this example, the benefit paid as a straight life annuity would be **\$1,607.57** per month.

Special Enhanced Income Security Plan (EISP)

If Verizon chooses to offer a Special Enhanced Income Security Plan ("Special EISP") and you have a Separation From Service under that Special EISP, the following pension enhancements apply:

- The Lump Sum Interest Rate is the better of (i) the interest rate and mortality basis as of your actual Annuity Start Date or (ii) the interest rate and mortality basis as of the earliest possible Annuity Starting Date for a Participant who has a Separation From Service under that Special EISP. The age used for the lump sum calculation is your age at your actual Annuity Start Date regardless of whether (i) or (ii) applies.
- The age-based early retirement reduction for Service Pension Eligible participants will be waived if you commence your benefit prior to age 55.
- Your benefit will be determined using the next-scheduled Pension Band Increase amount provided in the Pension Band Tables above, if another Pension Band Increase is available under the schedule pursuant to the 2016 bargaining agreements. For example, if you leave under a Special EISP on December 31, 2017, the pension calculation will be based on the pension band multiplier effective September 15, 2018, as that is the next scheduled Pension Band Increase.

Pension Service Credit during the 2016 strike

Employees who went on strike will be entitled to service credit for the period they were on strike for all purposes (for example, Pension Accrual Service, Net Credited Service and ERISA Service).