Notice to Participants in the National Electrical Annuity Plan

Explanation of Preretirement Surviving Spouse Benefit

If you are married and die before retirement, NEAP will provide your spouse with a Preretirement Surviving Spouse Benefit. Your spouse will receive this benefit if: (1) you have satisfied the minimum eligibility requirement of 160 hours of service; (2) you have a balance in your Individual Account; (3) you die prior to receiving a pension benefit; (4) you are married; and (5) you have not previously declined the Preretirement Surviving Spouse Benefit.

If you are entitled to a Preretirement Surviving Spouse Benefit, NEAP will purchase an annuity contract from an insurance company for your spouse. The annuity contract will pay your surviving spouse a monthly benefit for life. Monthly payments will start within a reasonable period of time after your death. The amount of the monthly benefit depends upon (1) the amount in your Individual Account; (2) your spouse’s age (and, therefore, his/her life expectancy and prospective benefit payment period); and (3) the insurance company’s price for annuity contracts.

Elections/Consents

If you are under age 35, your spouse will automatically receive the Preretirement Surviving Spouse Benefit upon your death (unless your spouse selects a lump sum payment instead of the annuity). You may not decline the Preretirement Surviving Spouse Benefit unless you have permanently stopped working in Covered Employment.

However, beginning the year you reach age 35 and at any time thereafter, you may decline the Preretirement Surviving Spouse Benefit. Your spouse must consent in writing and the consent must be witnessed by a representative of NEAP or by a notary public. Consent given by a spouse is not effective as to a subsequent spouse.

You may revoke your election to decline the Preretirement Surviving Spouse Benefit at any time. You may again decline the Preretirement Surviving Spouse Benefit at any time by executing the appropriate form and obtaining your spouse’s consent. Your spouse may also revoke his/her consent at any time. Contact the Plan Administrator’s Office for the appropriate forms.

Lump Sum

If you decline the Preretirement Surviving Spouse Benefit, your Individual Account balance will be paid to your designated surviving beneficiary in a lump sum. If your designated surviving beneficiary is not your spouse, your spouse must also consent to that as well, in order for it to be valid. If you have not designated a beneficiary (or your designated beneficiary is not living at the time of your death), the balance will be paid to the following persons, if living, in the following order of priority: (1) your spouse, (2) your children, (3) your parents, or (4) your estate. The total amount of money received as a lump sum may ultimately be different (either greater or lesser) than the total amount of money your spouse would have received under the Preretirement Surviving Spouse Benefit. This is because the Preretirement Surviving Spouse Benefit is an annuity and depends on the time value of money and how long your spouse lives. Additional information is available from the Plan Administrator’s Office.