

Income Protection Plan For HGU-Represented Employees

Introduction

This summary is an overview of the Fluor Hanford, Inc. (FH) Income Protection Plan (IPP) for Hanford Guards Union (HGU) Local 21. This description covers the IPP in effect October 1, 1995, as amended effective April 1, 2006.

This is only a summary of the legal text of the IPP. In the event of any discrepancy between the language of this summary and the language of the text, the legal text shall govern.

This benefit is available only if an HGU-represented employee qualifies for benefits before the expiration of the current collective bargaining agreement.

Purpose

The purpose of IPP is to provide supplemental income protection for HGU-represented employees who are enrolled in the plan and who may be ineligible to continue in their jobs as a result of failing to meet a required medical standard and/or physical qualification, under 10 CFR Part 1046.

Eligibility

Effective April 1, 2006, mandatory participation in IPP is required for all HGU-represented employees.

Employee Contributions

An employee must pay the required premium, which will be taken each payday by means of payroll deduction on a pre-tax basis, represented by a percentage of base pay. The percentages are outlined in the table below.

Beginning Payroll Period	Percentage of Base Pay
First payroll period – January 2006	1.0%
First payroll period – January 2007	1.25%
First payroll period – January 2008	1.25%
First payroll period – January 2009	1.25%
First payroll period – January 2010	1.50%

Once enrolled, the employee may not withdraw from IPP. IPP premium contributions are required until the participant reaches his/her 62nd birthday. This premium is not required while the employee is receiving IPP benefits, nor while on Military Leave or Long-Term Disability. If an employee does not successfully complete their probationary period, employee contributions will be refunded.

Benefits

There are three benefits under the IPP. The first is supplemental income protection, the second is full income protection, and the third is unreduced early retirement with a \$425 “Social Security Bridge” to age 62.

To qualify for supplemental or full income protection, an HGU-represented employee must be enrolled in the IPP, and fail either the medical or physical requirements of 10 CFR Part 1046.

If the failure is medical, the employee must request a medical restriction waiver and that waiver must be denied. If these requirements are met, the employee is eligible for one of the IPP benefits as follows:

(1) Supplemental Income Protection

The HGU-represented employee may accept a job offered by FH; should the employee begin the new job, the IPP will supplement base pay up to 80 percent of the last base rate as an HGU-represented employee. When the employee’s base pay in the new job reaches 80 percent of the last base rate as an HGU-represented employee, benefits cease.

Should the employee reject the offer, Full Income Protection will be offered.

(2) Full Income Protection

If the Company does not offer a position as described in (1), the employee qualifies for full income protection payments equal to 80 percent of the employee’s final base rate of pay as an HGU-represented employee.

(3) Early Retirement

There are two ways to qualify for an unreduced early retirement benefit under the FH Pension Plan, HGU, Local 21 (HGU Pension Plan).

In both cases, the employee must be enrolled in the IPP, pay at least one premium, have attained age 55 and have 10 years of vesting service under the HGU Pension Plan.

1. Ten years’ service as an HGU-represented employee:

An HGU-represented employee with 10 years service as an HGU-represented employee may elect unreduced early retirement without first qualifying for income protection benefits.

2. Less than ten years’ service as an HGU-represented employee:

If an HGU-represented employee has less than 10 years of service as an HGU-represented employee, the employee must first qualify for and be receiving either full or supplemental income protection benefits under the IPP.

Benefits accrued under any other plan (Operations and Engineering [O&E] or Hanford Atomic Metal Trades Council [HAMTC]) will be paid in accordance with the terms of the respective plan.

However, the aggregated benefit received from all plans will be based on total credited benefit service and final average pay and will not be reduced because of the early start date.

Unreduced early retirement and the "Social Security Bridge" are not available if the employee leaves employment under any program offered by the Company which provides financial incentives for voluntary termination (i.e., special early retirement plan or voluntary reduction of force).

Benefit Amount-Maximum Period

An HGU-represented employee will receive a maximum of 60 months' full IPP benefits determined as follows: one month of income protection benefit for each two months of service.

For this purpose, the employee will receive credit for all service credited under the HGU Pension Plan for vesting regardless of whether IPP premiums were paid during the time of service.

The employee must be enrolled in the IPP and must be paying the required premium to qualify for benefit payments, unless the employee has been receiving benefits from a disability program or Worker's Compensation, and was enrolled when these benefits began.

Benefit Limitations

An HGU-represented employee that is receiving IPP Benefits will have IPP Benefits cease when they reach age 62.

Pension Accrual

An employee receiving full IPP benefits will continue to accrue benefits under the HGU Pension Plan. The employee will also receive credit for the period while receiving full income protection benefits towards vesting and early retirement.

A person on supplemental income protection will accrue pension benefits under the pension plan covered by the assigned job.

Offsets

While receiving full income protection benefits, all working income which raises total income (including benefits under the IPP) over 100 percent of final base pay rate will offset income protection payments.

Cessation of Benefits

Benefits will stop on the earlier of:

- A. Exhaustion of the benefits earned on the basis of credited service.
- B. Qualify for disability benefits under any company or government sponsored program.
- C. Death.
- D. Employment by the Company at a pay rate equal to 80 percent of final base pay rate.
- E. Retirement.
- F. Termination of employment (voluntary or involuntary) for reasons other than inability to do the work as a result of the condition creating the eligibility for benefits under the IPP.
- G. The employee's receipt of pay or earned income other than wages received from the Company, in which pay or earned income exceeds 100 percent of final base pay.

An employee will no longer have the right to elect subsidized early retirement once income protection benefits cease for any of the above reasons.

Other Benefits

An employee on supplemental income protection will be eligible for all of the benefits available to employees in the job classification in which the HGU-represented employee is placed.

A person on full income protection will be eligible to continue medical/vision, dental, basic life/accidental death and dismemberment, dependent life, personal accident insurance, and long term disability coverage. The person's cost for these benefits will be that applicable to an active employee, with the exception of long term disability, which will be paid entirely by the person on full income protection.

Plan Discontinuance

If an employee is receiving income protection benefits at the time the IPP is discontinued, benefits will continue until they are stopped as provided in the Cessation of Benefits section of the Summary.

No one may qualify to begin receiving benefits after IPP discontinuance.

Savings Plan

An employee receiving full protection benefits will not be permitted to make contributions to the savings plan. In addition, supplemental income protection benefits will not be considered as wages for savings plan purposes.