

ELECTRICAL WORKERS LOCAL NO. 26 INDIVIDUAL ACCOUNT PLAN

November 2019

To: All Participants in the Electrical Workers Local No. 26 Individual Account Plan

From: Board of Trustees

Dear Participants,

The attached Summary of Material Modifications (SMM) to the Summary Plan Description of the Electrical Workers Local No. 26 Individual Account Plan (SPD) includes:

- Updates to certain information about the Plan.
- A clarification of who can participate in the Plan.
- An announcement concerning three (3) share class changes to the Plan's lineup of investment option in which you may invest your Individual Account. These three changes include: (1) A change in share class for two of the Plan's current investment fund options—American Beacon Large Cap Value Fund and Principal MidCap Fund—from a share class that includes Revenue Sharing to a share class without Revenue Sharing, and (2) in the case of the Plan's Fidelity® Contrafund® investment option, a change from a mutual fund vehicle to a lower-cost commingled pool vehicle.
- A description of changes to the Plan's administrative fee structure and how the Plan will allocate revenue generated from investment fund options that provide Revenue Sharing. This change relates to and reflects the Trustees' ongoing efforts to reduce the Plan's investment manager expenses and administrative expenses, provide greater transparency with respect to investment manager expenses and administrative expenses, and more equitably allocate revenue generated from the Plan's investment options that provide Revenue Sharing. These matters are discussed in greater detail below.

Changes to the Plan's Administrative Fee Structure

By now, you should have received a letter from Fidelity explaining changes to how the Plan's administrative costs will be paid. These changes will be effective January 1, 2020. While that letter details these changes, the Trustees feel it is important to provide you with the reasons underlying their decision to implement these changes.

➤ **Understanding the Plan's Investment Manager Expenses and Administrative Expenses.**

Overview of the Plan's Operating Expenses

The amount of your Individual Account is valued on a daily basis and is adjusted by employer contributions made on your behalf and changes in the market value of your investment options. Built into changes in the daily market value of your investment options are **investment manager expenses (or investment option fees)** associated with each of those investment options. While your Individual Account is impacted by these investment manager expenses, they do not appear as a line item on your quarterly statement. Nevertheless, the Trustees work with the Plan's investment consultant to ensure that the Plan's investment manager expenses are reasonable. That's why, for instance, the Trustees are replacing the Fidelity® Contrafund® investment option, which is currently a mutual fund vehicle, to a lower-cost commingled pool vehicle.

In addition to investment manager expenses, the Plan also incurs **administrative expenses**. These are operating expenses, other than investment manager expenses, that the Plan incurs to administer the Plan. Administrative expenses include recordkeeping fees, custodial fees, and legal, accounting, auditing, and consulting fees as well as other administrative costs associated with operating a Plan that is now comprised of over 11 thousand Individual Accounts with total assets of almost \$800 million. To help offset these administrative costs, your Individual Account is assessed a flat-dollar administrative fee at the end of each quarter.

Investment Manager Expenses

The investment manager expenses of an investment option offered by the Plan are paid *proportionately* out of all Participants' Individual Accounts invested in that investment option. (Investment manager expenses include an investment vehicle's investment management fees and other fees and expenses paid by or on behalf of the investment vehicle or the investment manager with respect to the investment.)

Administrative Expenses

Currently, a portion of the Plan's administrative expenses are paid by assessing a flat dollar (*per capita*) administrative fee to each Participant's Individual Account. However, this current flat dollar fee does not cover all of the Plan's administrative expenses, so the Plan uses Revenue Sharing to offset the balance of the Plan's administrative expenses. (Administrative expenses include recordkeeping, custodial services, legal, accounting, audit, and consulting fees and other reasonable administrative fees and expenses.)

For the reasons discussed below, effective January 1, 2020, the Trustees have decided to simplify the way the administrative expenses of the Plan are paid. While this will result in an increase in the flat dollar administrative fee you are currently paying, Participant accounts that are invested in investment options that have a Revenue Sharing component, will receive Participant Revenue Credits at the end of each quarter that will help offset that Participant's flat dollar administrative fee. In fact, the Trustees' decision to change the Plan's administrative fee structure results in: (1) a reduction in the Plan's overall expenses; (2) a more equitable method of allocating the Plan's administrative expenses, and (3) greater fee transparency.

➤ **Plan's Current Administrative Fee Structure.**

Currently, the Plan's administrative costs, including recordkeeping costs, are paid in two ways:

1. \$12.50 Quarterly Administrative Fee on your Individual Account. This \$12.50 quarterly fee (\$50.00 annual administrative fee) is deducted from each Participant's Individual Account. This fee is reflected in your quarterly account statement as a separate line item deduction.
2. "Revenue Sharing" on certain Investment Options. The second way the Plan pays these administrative costs is through arrangements associated with a number of the Plan's Investment Options. Payment of recordkeeping costs through these arrangements is often called "Revenue Sharing." The Revenue Sharing payments that are used to offset plan expenses today are received by the Plan's record keeper (Fidelity) from investment option providers at the Plan level and do not flow through to the Individual Accounts of Participants who are invested in those investment options. Therefore, the payment of plan administrative fees *through Revenue Sharing* is not reflected on your quarterly account statement as a separate line item.

The Plan's record keeper, Fidelity, charges the Plan an annual recordkeeping fee based on the Plan's total number of Participant accounts. However, amounts Fidelity receives in Revenue Sharing are applied to offset Fidelity's annual recordkeeping fee. If amounts Fidelity receives in Revenue Sharing exceed Fidelity's recordkeeping fee, these amounts are credited back to the Plan at the end of each quarter and placed in the Plan's Revenue Credit Account. Amounts held in the Plan's Revenue Credit Account are then used to offset the balance of the Plan's other administrative costs.

Moreover, if the Trustees conclude that the Plan's Revenue Credit Account balance exceeds the amounts necessary to cover the Plan's projected administrative costs, the Trustees may direct Fidelity to allocate amounts in the Plan's Revenue Credit Account to all current Participants' Individual Accounts on a pro rata basis. In fact, earlier this year, the Trustees directed Fidelity to allocate a significant portion of the Plan's Revenue Credit Account balance to all Participants' Individual Accounts on a pro rata basis. This addition to your Individual Account would have shown up on your 2019 second quarter statement as a Revenue Credit. You should be kept in mind, however, that not all of the Plan's investment options include Revenue Sharing, and with respect to those investment options that do provide Revenue Sharing, some have higher rates of Revenue Sharing than others. Consequently, Participants who were not invested in investment options that generated Revenue Sharing, still received a pro rata share of these allocations from the Plan's Revenue Credit Account.

➤ **Plan's New Administrative Fee Structure (Effective January 1, 2020).**

Over the past several years, total assets of the Plan have increased significantly. At the same time, the Trustees recently negotiated a new recordkeeping services agreement with Fidelity that has reduced the Plan's recordkeeping fee. In combination, the increase in Plan assets and the reduction in recordkeeping fees have resulted in significant increases in the Plan's Revenue Credit Account. After careful consideration of this issue and after lengthy discussions with the Plan's investment consultant and counsel, the Trustees have concluded that it is a better policy—one that is more equitable and transparent—to allocate revenue credits from an investment option that generates those credits directly to the Participants invested in that investment option rather than continue holding significant amounts of Plan assets in an unallocated Revenue Credit Account. Therefore, effective January 1, 2020:

1. Rather than applying the Revenue Credits of investment options that generate Revenue Sharing to the Plan's Revenue Credit Account, those Revenue Credits will be credited to the Individual Accounts of those Participants who actually invest in those investment options. While this means that Revenue Credits from Revenue Sharing will no longer be used to offset the Plan's administrative costs, it also means that the Participants who actually invest in the investment options that produce these Revenue Credits, will receive their proportionate share of the Revenue Credits.
2. When the Trustees determine that overall cost savings to the Plan warrant it, an investment option's share class that provides Revenue Sharing may be replaced with either: (a) a share class that does not provide Revenue Sharing or (b) a less costly commingled pool vehicle.
3. The Plan's Quarterly Administrative Fee will increase to \$25.00. This is because the Plan will no longer use Revenue Credits to offset the Plan's administrative expenses. It should be kept in mind, however, that at the end of each quarter, Participants who are invested in any of the Plan's investment options that produce Revenue Credits, will receive their proportionate share of the Revenue Credits generated by that investment option during that quarter. The Quarterly Statements of Participants who are invested in Revenue Credit generating investment options during a quarter will include a separate line item showing the amount of the Revenue Credit the Participant received for that quarter.

SUMMARY OF MATERIAL MODIFICATIONS ELECTRICAL WORKERS LOCAL NO. 26 INDIVIDUAL ACCOUNT PLAN

Dear Participant:

This Summary of Material Modifications (SMM) to the Summary Plan Description of the Electrical Workers Local No. 26 Individual Account Plan (SPD) includes:

- Updates to certain information about the Plan.
- A clarification of who can participate in the Plan.
- An announcement concerning three changes to the lineup of investment funds in which you may invest your Individual Account. These three changes include: (1) A change in share class for two of the Plan's current investment fund options—American Beacon Large Cap Value Fund and Principal MidCap Fund—from a share class that includes Revenue Sharing to a share class without Revenue Sharing, and (2) in the case of the Plan's Fidelity® Contrafund® investment option, a change from a mutual fund vehicle to a lower-cost commingled pool vehicle.
- Changes to the Plan's administrative fee structure and how the Plan will allocate revenue generated from investment fund options that provide Revenue Sharing.

1. The names and addresses of the members of the Plan's Board of Trustees and the list of Plan's service providers found on the inside cover of your Summary Plan Description is updated as follows:

Union Trustees

Joseph Dabbs
IBEW Local No. 26
4371 Parliament Pl.
Lanham, MD 20706

Thomas Myers
IBEW Local No. 26
4371 Parliament Pl.
Lanham, MD 20706

Richard Murphy
IBEW Local No. 26
4371 Parliament Pl.
Lanham, MD 20706

Employer Trustees

William E. Briggs
W.E. Briggs, Inc.
7808 Woodrow Place
Cabin John, MD 20818

Kenneth Bassett
Potomac Testing, Inc.
1610 Professional Blvd., Suite A
Crofton, MD 21114

Joseph Richards
J.E. Richards Electric, Inc.
PO Box 397
Brookeville, MD 20833

Fund Administrator

Michael McCarron

Investment Consultants

Segal Marco Advisors

Accountant

Sarfino and Rhoades, LLP

Fund Counsel

O'Donoghue & O'Donoghue LLP

Fund Recordkeeper

Fidelity Investments

2. The second paragraph below the heading “ELIGIBILITY TO PARTICIPATE” on page 9 of your Summary Plan Description is revised as follows:

Generally, your employer may not make contributions to the Plan on your behalf if you are not a member of a bargaining unit represented by Local 26 unless your employer has entered into a special Participation Agreement with the Trustees. In addition, you are not eligible to participate if you are a sole proprietor of an Employer or anyone who owns or controls (as defined below) at least a 15% interest in a partnership which is an Employer. An individual shall be deemed to possess “control” of an interest in a partnership if his or her spouse, lineal descendant, brother, or sister own such interests or if he or she is a beneficiary of a trust fund which owns such interest.


3. The fifth row of the table on Page 47 of your Summary Plan Description (“PLAN FACTS”) is revised as follows:

Fund Administrator	Michael McCarron Electrical Workers Local No. 26 Individual Account Plan 10003 Derekwood Lane, Suite 130 Lanham, MD 20706-4811 (301) 731-1050
--------------------	---

4. Share class changes have been made with respect to three (3) investment options offered by the Plan.

When the market closes (generally 4 p.m. Eastern time) on December 31, 2019, the share class of three of the Plan’s investment options will change. As a result, the fund codes, ticker symbols, and expense ratios will change. The new share class will offer you the same investment strategy and risk, but the overall expenses will be lower. See the following chart for details. The transfer of balances will appear as an exchange on your account history and quarterly statement.

The Trustees understand that the fees and expenses of the investments you select have an impact on the overall returns of your portfolio. Therefore, we are pleased to offer the new share class, which has a lower expense ratio than the prior share class.

 Old Investment Options		New Investment Options
American Beacon Large Cap Value Fund Institutional Class AADEX (Ticker) OSKG (Fund Code) Expense Ratio: 0.62%	⇒	American Beacon Large Cap Value Fund Class R6 AALRX (Ticker) OKBO (Fund Code) Expense Ratio: 0.59%
Fidelity® Contrafund® - Class K FCNKX (Ticker) 2080 (Fund Code) Expense Ratio: 0.73%	⇒	Fidelity® Contrafund® Commingled Pool n/a (Ticker) 3717 (Fund Code) Expense Ratio: 0.43%
Principal MidCap Fund Institutional Class PCBIX (Ticker) OYPC (Fund Code) Expense Ratio: 0.69%	⇒	Principal MidCap Fund Class R-6 PMAQX (Ticker) O171 (Fund Code) Expense Ratio: 0.59%

You do not need to do anything. However, if you would like to request changes to your account log on to Fidelity NetBenefits® at www.netbenefits.com/atwork or call Fidelity at 1-866-84UNION (1-866-848-6466) Monday through Friday, between 8:30 a.m. and midnight Eastern time.

The dates shown are based on the timing and accuracy of a variety of factors, including the transfer of data, receipt of instructions, and receipt of assets. Changes in any of these factors may result in changes to the dates and timing, including the dates on which, and thus the prices at which, assets in your account are sold and/or reinvested.

For a mutual fund, the expense ratio is the total annual fund or class operating expenses (before waivers or reimbursements) paid by the fund and stated as a percentage of the fund's total net assets. Where the investment option is not a mutual fund, the figure displayed in the expense ratio field is intended to reflect similar information. However, it may have been calculated using methodologies that differ from those used for mutual funds. Mutual fund data has been drawn from the fund's prospectus. For non-mutual fund investment options, the information has been provided by the plan sponsor or investment option's manager or the trustee. When no ratio is shown for these options, it is because none was available. There may be fees and expenses associated with the investment option. Expense information changes periodically. Please consult Fidelity NetBenefits® for updates.

If your existing Automatic Rebalance election includes an old investment option(s), your Automatic Rebalance election will automatically be updated to replace the old investment option with the new investment option(s).

If you have questions or need assistance with the Automatic Rebalance feature, log on to Fidelity NetBenefits® at www.netbenefits.com/atwork or call Fidelity at 1-866-84UNION (1-866-848-6466) Monday through Friday, between 8:30 a.m. and midnight Eastern time.

5. Changes to the Plan's administrative fee structure.

Currently, Plan administrative (or recordkeeping) costs are paid in two ways:

- **Account Administrative Fee** – This is a fee that is deducted for each account in the Plan. This fee is assessed quarterly in the amount of \$12.50, for a total of \$50.00 per year. This fee is also reflected on your quarterly account statement as a separate line item.
- **Revenue Sharing** – The second way that costs are paid is through arrangements associated with certain investment options in the Plan. Payment of recordkeeping costs through these arrangements is often referred to as “Revenue Sharing.” The “Revenue Sharing” payments that are used to offset plan expenses today are received by Fidelity from investment option providers at the plan level and do not flow through participant accounts. Therefore the payment of plan administrative fees through “Revenue Sharing” is not reflected on your quarterly account statement as a separate line item.

Beginning January 1, 2020, the Trustees will implement the following changes to how administrative costs for the Plan are paid:

- **Account Administrative Fee** – This fee will increase to \$25.00 per quarter. You will see the fee listed as an “Administrative Fee” on your Fidelity statement and in your account transaction history online at NetBenefits.com.
- **Participant Revenue Credit** – The Revenue Sharing approach described above will be removed and replaced with a “Participant Revenue Credit” program. Unlike Revenue Sharing where the Plan receives payments from certain investments, this is a quarterly revenue credit that may be allocated to your Individual Account based on the investments you hold during the prior quarter. Since they are allocated to you, revenue credits may help reduce your overall net cost to invest through the Plan. The credit represents the allocation of a portion of the revenue associated with the fund(s), based in part on your average daily balance in the fund(s). Revenue credits are associated with some, but not all the investment options in the Plan. Review the chart below to determine which funds have revenue credits associated with them.

Investment Option	Ticker Symbol	Annual Credit Rate
CRM Small Cap Value Fund Class Institutional	CRISX	0.10%
Dodge & Cox International Stock Fund	DODFX	0.10%
Fidelity Freedom® 2010 Fund - Class K	FSNKX	0.20%
Fidelity Freedom® 2020 Fund - Class K	FSNOX	0.20%
Fidelity Freedom® 2030 Fund - Class K	FSNQX	0.20%
Fidelity Freedom® 2040 Fund - Class K	FSNVX	0.20%
Fidelity Freedom® 2050 Fund - Class K	FNSBX	0.20%
Fidelity Freedom® 2060 Fund - Class K	FNSFX	0.20%
Fidelity Freedom® Income Fund - Class K	FNSHX	0.20%
PRIMECAP Odyssey Stock Fund	POSKX	0.10%
Western Asset Core Bond Fund Class I	WATFX	0.10%

You'll be eligible to receive a revenue credit if you have been invested in one or more of the funds in the chart at any time during the relevant quarter and have a balance in the Plan at the time the credit is allocated. The credit will be allocated to your account and reinvested in the same fund that generated the credit. You will see the amount listed as a "Revenue Credit" on your Fidelity statement and in your account transaction history online at NetBenefits.com.

Although fees and credits are common considerations in choosing investment options, it is important to also consider other crucial factors such as time horizon, risk tolerance and financial situation, when deciding on an investment mix that's right for you.

Finally, it's important to note that the overall administrative costs for the Plan are not changing. Instead, what's changing is how these Plan costs are allocated to members in the Plan.