

Electrical Workers Local No. 26 Individual Account Plan

Summary of Material Modifications

December 2021

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

From: Board of Trustees

The Trustees of the Electrical Workers Local No. 26 Individual Account Plan are pleased to announce new expanded distribution options to the Plan.

Expanded Distribution Options

New Distribution Options Allow You to Keep a Portion of Your Account Balance Invested in the Plan throughout Your Retirement.

Background.

- Since it was established in 1982, the Plan's normal form of benefit for married Participants has been a 50% Joint and Survivor Annuity, and the Plan's normal form of benefit for unmarried Participants has been a Life Annuity. The Plan has been administered so that if a married Participant didn't not waive the 50% Joint and Survivor Annuity or an unmarried Participant didn't waive the Life Annuity, the Plan would purchase an irrevocable annuity from an insurance company with the Participant's entire Individual Account Balance.
- Historically, Participants have waived the Plan's annuity forms and have elected to receive their account balance in one of the following optional forms:
 - A single lump sum;
 - In equal monthly installments, not to extend over a period in excess of 120 months, and
 - In a partial lump sum, with the Participant's remaining account balance paid out in equal monthly installments, not to extend over a period in excess of 120 months

(The Plan also offers a 75% Joint and Survivor Annuity for married Participants whereby the Plan would purchase an irrevocable 75% joint and survivor annuity from an insurance company. Participants have not elected this option.)

- Fidelity, the Plan's recordkeeper, has advised the Trustees that Fidelity is now capable of offering a number of other distribution options to Participants. These options would allow you to keep a portion of your Individual Account invested in the Plan throughout your retirement.

What's New?

- The Trustees have amended the Plan so that if you waive the 50% Joint and Survivor Annuity or the Life Annuity, you will have the option to elect to receive a distribution from your Individual Account in a:
 - **Single Lump Sum Payment Option.**
 - **Partial Lump Sum Payment Option **New!**** You elect to receive a partial lump sum of your Individual Account, while the balance of your Individual Account stays invested in the Plan. For example, if you have an Individual Account balance of \$315,000 when your application is processed and you elect to receive a partial lump sum payment of \$100,000, your Individual Account balance of \$215,000 would stay invested in the Plan, and when you're ready for another distribution from your Individual Account, you can simply submit another application.
 - **Fixed Periodic Amount Option **New!**** You elect a specific **fixed dollar amount** to be paid periodically (monthly, quarterly, semi-annually or annually) and the remaining balance of your Individual Account stays invested in the Plan. For example, if you have an Individual Account balance of \$350,000 when your application is processed, you elect the Fixed Periodic Amount Option, and you elect a fixed dollar amount of \$50,000 to be paid to you quarterly. You

would receive a \$50,000 distribution each quarter while the balance of your Individual Account stays invested in the Plan.

- **Partial Lump Sum with Fixed Periodic Amount New!** You elect to receive a portion of your Individual Account balance as a lump sum and elect to receive the balance of your Individual Account after that initial distribution in fixed payments of a specific **fixed dollar amount** to be paid periodically (monthly, quarterly, semi-annually or annually).
 - **Fixed Time Frame Option New!** You elect a specific **period for payments**. The amount of each payment you receive, which may be a monthly, quarterly, semi-annual or annual payment, is determined by dividing your Individual Account balance by a “counter” (the number of remaining payments) that reduces by one (1) each time a payment is made to you. For example, if you have an Individual Account balance of \$240,000 when your application is processed, you elect the Fixed Time Frame Option, and you elect to receive monthly payments of your Individual Account over a 10-year period, your first payment will be $\$240,000 \div 120$ monthly payments = \$2,000.00, while the balance of your Individual Account stays invested in the Plan. Your next monthly payment would be equal to your Account Balance at the time of distribution (adjusted to account for your first distribution and your Individual Account’s subsequent investment earnings or losses) divided by 119.
 - **Fixed Percent Option New!** You elect an **annualized fixed percent** of your Account Balance to be paid periodically (monthly, quarterly, semi-annually or annually). Each periodic payment is calculated based on your Account Balance at the time each periodic distribution is processed.
 - **Life Expectancy Option New!** You elect a payout rate that is based on a calculated **life expectancy** and frequency of payments (monthly, quarterly, semi-annually or annually). For purposes of this optional form of payment, life expectancy will be determined using the IRS Uniform Lifetime Table (ULT) method.
 - **75% Joint and Survivor Annuity:** (married Participants only), whereby the Plan purchases an irrevocable 75% joint and survivor annuity from an insurance company.
- Keep in mind that if you have an Individual Account balance of less than \$5,000.00, you must receive your entire Account Balance as a Single Lump Sum.

Another Important Way the Trustees Are Adding Flexibility to Your Retirement Planning:

- If you waive the Plan’s Normal Benefit Form (50% Joint and Survivor Annuity (married) Life Annuity (unmarried)) and elect the Plan’s new:
 - Partial Lump Sum Payment Option
 - Fixed Periodic Amount Option,
 - Partial Lump Sum with Fixed Periodic Amount Option,
 - Fixed Time Frame Option,
 - Fixed Percent Option, or
 - Life Expectancy Option

You are not locked into that election. You can change it later. For example, let’s say you elected the Fixed Periodic Amount Option, and you’re receiving monthly payments from your Individual Account of \$1,500. Suddenly your financial circumstances change, and you need to immediately access your entire Individual Account. You may submit another application and elect the Plan’s Single Lump Sum Payment Option and receive the balance of your Individual Account.

If You Die While Receiving One of the Plan’s New Distribution Options

- If you waive the Plan’s Normal Benefit Form (50% Joint and Survivor Annuity (married) Life Annuity (unmarried)) and elect the Plan’s new:
 - Partial Lump Sum Payment Option,
 - Fixed Periodic Amount Option,

- Partial Lump Sum with Fixed Periodic Amount Option,
- Fixed Time Frame Option,
- Fixed Percent Option, or
- Life Expectancy Option

and you die before you receive your entire Individual Account balance, your designated beneficiary (or beneficiaries) will receive the balance of your Individual Account as a Death Benefit.

When will these new Distribution Options be Available?

- Any Participant who requests a Distribution Application Form from the Fund Office on or after January 1, 2022, and who is otherwise eligible for a distribution, will have the option of electing one of these new optional forms.
- Also, Participants who are currently receiving distributions from their Individual Account as periodic payments, may request a Distribution Application Form from the Fund Office on or after January 1, 2022, to elect to receive their remaining Individual Account balances in another optional form.

Finally, Please Keep in Mind:

- While the Plan has lifted most restrictions on the period of time over which you may receive distributions from the Plan, the distributions you receive from the Plan are subject to the Internal Revenue Code’s minimum distribution requirements and related IRS regulations. These requirements govern when distributions to a participant, surviving spouse or surviving non-spouse beneficiary must commence and the minimum amounts that must be distributed, and Fidelity will not permit you to elect a distribution option that violates these requirements.

Your Board of Trustees:

The list of names and addresses of the members of the Plan’s Board of Trustees on the inside cover of your Summary Plan Description is updated as follows:

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