

# Pension Fund for the Local Union No. 131 International Brotherhood of Electrical Workers

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October 2013

To: All Participants of the Pension Plan for the Local Union No. 131 International Brotherhood of Electrical Workers

Dear Participant:

We are sending you this notice to provide information regarding the safe harbor provision, and the qualified default investment alternative in the Pension Plan for the Local Union No. 131 International Brotherhood of Electrical Workers (the "Plan"). The Plan incorporates a safe harbor contribution formula under Internal Revenue Code section 401(k)(12), which requires your Employers to make a specified contribution to the Plan on your behalf in the upcoming plan year. This notice will explain the Plan's safe harbor formula and provide a summary of your rights under the safe harbor provision.

In addition, this notice contains important information regarding the IBEW 131 Core Fund (the "Core Fund"), which is the qualified default investment alternative ("QDIA") in the Plan. It explains the steps you can take in directing the investment of your personal account, but **you do not need to take any action as part of this notice**. Please carefully consider the information in this notice as you review the investments in your account.

## **Plan Participation**

You will generally be eligible to participate in the Plan on the first day of employment for which an Employer is obligated to make contributions to the Plan on your behalf.

## **Safe Harbor Employer Contributions**

Participants in the Plan will receive employer contributions specified in the applicable collective bargaining agreement ("CBA") for their category of employment. This Employer Contribution is considered a safe harbor contribution because it equals or exceeds 3% of Compensation; compensation for Plan purposes has a special meaning, as described on the next page. The total amount of the Employer Contribution to be made on your behalf is set forth in the CBA.

All Plan participants, who are eligible to make 401(k) contributions, will receive a safe harbor contribution in the amount set forth in the CBA for each hour worked, irrespective of their 401(k) deferrals to the Plan. The minimum safe harbor contribution is 3%, whether or not you elect to make any 401(k) deferrals to the Plan. The safe harbor contribution formula will continue for each Plan Year, unless the formula is modified by the bargaining parties. You will receive a safe harbor notice before the beginning of each Plan Year for which the safe harbor contribution formula is in effect.

## **401(k) Contributions**

Eligible Participants are allowed to make pre-tax contributions to the Plan by deferring a portion of their hourly wages. These amounts are referred to as elective deferral or 401(k) contributions and are deposited to your individual account in the Plan. When you are permitted to take a distribution from the Plan, you will be entitled to all your 401(k) contributions, adjusted for any gains, losses, and expenses of the Plan. In general, you may defer up to \$17,500 in 2014. If you attain age 50 (or above) during the calendar year, you may also elect to defer an additional \$5,500 (called a "catch-up contribution").

# Pension Fund for the Local Union No. 131

## International Brotherhood of Electrical Workers

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The hourly amount you elect to defer will be deducted from your pay in accordance with the written salary deferral form you submit to your Employer. This election will become effective as soon as administratively feasible and will remain in effect until you modify or terminate the election. You are permitted to cancel your salary deferral election at any time. To start or change your salary deferral, you must complete the approved form provided by the Fund Office. Your 401(k) deferrals are not subject to federal or state income tax until distribution from the Plan. However, the 401(k) contributions are subject to SSA taxes at the time of deferral, and your employer will deduct these taxes from your remaining compensation.

### **Rollover Contributions**

If you have accumulated benefits under another qualified retirement plan or IRA, you may be able to “roll over” the benefits into this Plan. Rollover contributions are allocated to your Rollover Account in the Plan.

### **Compensation**

Compensation has a special meaning for purposes of the Plan. The Plan defines Compensation as the amount reportable as W-2 wages for federal income tax withholding purposes. Compensation will include Elective Contributions to this Plan and any cafeteria plan contributions that may be allowed by your Employer.

### **Vesting Rules**

You are always 100% vested in your Money Purchase, Profit Sharing, 401(k), and Rollover Accounts; 100% vesting means that you are entitled to all of the specified balances in these accounts and the amounts are non-forfeitable.

### **Distribution Rules**

The Plan and federal regulations impose restrictions on when you may receive a distribution from the Plan. You or your beneficiary (in the case of your death) generally will become eligible to receive a distribution of benefits upon one of the following conditions: 1) attaining age 55 and terminating Employment, 2) your death or disability, or 3) terminating Employment with all participating employers, as evidenced by a 12-month lapse in contributions to your Account, with an account balance of \$5,000 or less. You may withdraw money at any time from your Rollover Account.

You may also withdraw money from your 401(k) contributions to the Plan if you have an immediate and heavy financial need. However, there are various rules and requirements that you must meet before a hardship withdrawal is permitted.

### **Qualified Default Investment Alternative**

The Plan offers ten (10) investment options that you can select for your current account balance and future contributions to the Plan. The choice is up to you. However, if you do not make a specific investment election, the Trustees will automatically invest your account in the Core Fund, which is the Qualified Default Investment Alternative in the Plan.

- The Core Fund is designed to provide income and long-term growth of capital by investing in a combination of stocks, bonds, real estate, and other securities. It is a diversified investment option designed to minimize the risk of large losses.
- The Core Fund is a multi-asset class, multi-manager investment fund that is directed by the Trustees, with an average yearly expense ratio of approximately 0.75%.

# **Pension Fund for the Local Union No. 131 International Brotherhood of Electrical Workers**

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If you are currently invested in the Core Fund, you may change your investment election and transfer your existing investment balance to any of the Plan's other investment options, at any time, without penalty. If you are currently invested in the Core Fund and do not make any changes to your investment elections, your current balance and future contributions will remain in the Core Fund.

Please read the IBEW 131 Core Fund Investment Summary for more detailed information about the default investment option in the Plan. Additional information about the Core Fund and other investment options in the Plan is available from New York Life by visiting [www.mylife.newyorklife.com](http://www.mylife.newyorklife.com) or by calling (800) 294-3575, Monday thru Friday 8:00 am to 10:00 pm ET.

## **Plan Amendment and Termination**

The Trustees retain the right to amend the Plan, including the right to terminate the Plan and discontinue all contributions (including the safe harbor contribution) under the Plan. Termination of the Plan will not affect your right to receive any contributions you have accrued as of the effective date of the termination.

## **More Information**

For more information on the Plan, please refer to your Summary Plan Description ("SPD"). You may request an SPD or additional information about the Plan by contacting:

Board of Trustees  
Pension Plan for the Local Union No. 131  
International Brotherhood of Electrical Workers  
6525 Centurion Drive  
Lansing, MI 48917-9275  
(517) 321-7502

It is intended that the Core Fund constitute a QDIA under Section 404(c)(5) of ERISA. An investor should consider the funds' investment objectives, risks, charges and expenses carefully before investing. For further information, please read the Core Fund Offering Statement and the fact sheets of the funds held by the Core Fund carefully before investing. Fund information is obtained from reliable sources, but is not guaranteed as to completeness or accuracy. The Core Fund has risks associated with investing in high yield, small cap, and foreign securities; small cap and foreign stocks are generally more volatile and less liquid than stocks of large US companies. The information contained herein does not constitute investment, financial, tax or legal advice. Please contact your personal investment, financial, tax or legal advisor regarding your specific needs and requirements.