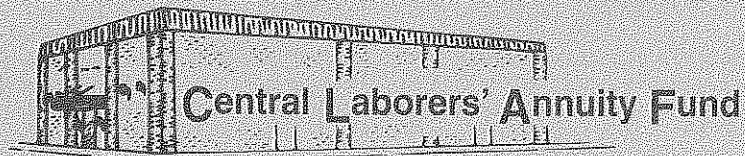


Following is the most current Summary Plan Description ("SPD") for the Central Laborers' Annuity Fund, which includes all amendments to the Plan after the SPD was prepared. An updated Summary Plan Description is in process; once completed, the updated SPD will be provided to all Plan participants and included on this web site. Should you have any questions, please contact the Fund office at 800/252-6571, extension 6.



**CENTRAL LABORERS' ANNUITY FUND**  
**Summary Plan Description**

Revised and Effective July 1, 1995

## **CENTRAL LABORERS' ANNUITY PLAN**

To All Participants:

This booklet has been revised to include all Plan changes as of July 1, 1995. It includes Plan amendments to comply with the Tax Reform Act of 1986 and later Federal laws, as well as several Plan improvements.

The booklet is divided in two sections with the first half being a general description of the main provisions of the Annuity Plan. The actual text of the Annuity Plan appears in the second half of the booklet. It is this latter part which governs a participant's right to benefits.

We urge you to keep this booklet for future reference and to discuss this booklet with your family. The booklet contains information concerning important benefits to which you and your beneficiary may be entitled.

The Trustees will keep you advised of any changes in the Plan. However, this can be done only if the Fund Office has your current address on record at all times.

If you have any questions about your annuity benefits under the Plan, please contact the Fund Office at 1-800-252-6571 ext. 160; the Fund Office Staff will be happy to assist you.

Sincerely,

BOARD OF TRUSTEES

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# **CENTRAL LABORERS' ANNUITY PLAN**

## **QUESTIONS AND ANSWERS ABOUT THE ANNUITY PLAN**

The questions and answers which follow are meant to give you an outline of how the Annuity Plan works. It is not possible to cover all the Plan provisions in these questions and answers but they will give you a overview of the program. The Plan Rules and Regulations govern a participant's rights to benefits. You should refer to the full text of these rules in order to determine your rights under the Annuity Plan. The full text of the rules follows this summary.

### **WHAT WAS THE EFFECTIVE DATE OF THE ANNUITY PLAN?**

The Annuity Plan became effective as of March 1, 1981. It was established under the same Agreement and Declaration of Trust which established the Central Laborers' Pension Plan.

### **HOW DO I KNOW IF I AM A PARTICIPANT IN THE ANNUITY PLAN?**

Upon completion of an hour of work for an employer who has a Collective Bargaining Agreement requiring an Annuity Plan contribution to be made on your behalf, you will become a participant in the Annuity Plan. At this point, you are entitled to the full value of your account upon retirement, disability, death or separation from service.

### **WHO PAYS THE COST OF THE ANNUITY PLAN?**

The entire cost of the Annuity Plan is paid for by employer contributions. The minimum employer contribution rate is \$.10 per hour worked. No employee contributions are permitted.

### **WHO ADMINISTERS THE ANNUITY PLAN?**

The Plan is administered by the same Board of Trustees as administers the Central Laborers' Pension Plan. There is an equal number of Union and Employer Trustees as required by the Agreement and Declaration of Trust. The Annuity Plan is administered in the same office as the Central Laborers' Pension and Welfare Plans.

**201 North Main Street  
Post Office Box 1246  
Jacksonville, Illinois 62651-1246  
Telephone: 1-800-252-6571 (ext. 160)  
Fax: 217-245-1293**

### **HOW MUCH IS THE ANNUITY BENEFIT?**

The amount of the annuity benefit for each participant is the amount in his Individual Account at the time he qualifies for payment of the annuity.

Generally, it is the sum of all contributions made over the years to his Individual Account, plus the interest earned, minus a charge for administration expenses.

**WHAT IS AN INDIVIDUAL ACCOUNT?**

An Individual Account is the account established for each participant into which are deposited all employer contributions for the participant and the amount of investment earnings less administration expenses applicable to the Individual Account. An Individual Account is established for you as of the first Valuation Date after you have worked at least one (1) hour with an employer contributing to this Plan on your behalf. At that time all contributions previously made on your behalf are credited to your account.

**WHAT ARE THE VALUATION DATES?**

The Valuation Dates are September 30 and March 31 of each year. All factors (contributions, investment income, changes in market value of investments and administration expenses) for determining the value of your Individual Account are calculated as of each Valuation Date.

**HOW WILL I KNOW HOW MUCH IS IN MY INDIVIDUAL ACCOUNT?**

Once a year you will receive a statement showing the value of your Individual Account as of the last Valuation Date, plus the total amount of employer contributions received on your behalf since the last Valuation Date plus a proportionate share of the gross investment yield earned by the Fund since the last Valuation Date minus a prorated share of the cost of administration expenses incurred by the Plan since the last Valuation Date. If you do not receive a statement, or if it is lost, you can contact the Fund Office to get information on the amount in your Individual Account. This statement is expected to be mailed between June and July following the March 31 Valuation Date.

**HOW WILL THE ANNUITY PLAN ASSETS BE INVESTED?**

The Trustees are responsible for holding and investing all trust fund assets. The Trustees seek the highest investment yields consistent with safe financial management. The investment earnings that will be credited will include both interest and changes in the market value of the Fund's total investments as of any Valuation Date. The Trustees intend to make every effort to invest these funds to produce favorable earnings for participants. But, the investment results are not guaranteed. If the market value of the Fund's total investments is lower than the total amount in all Individual Accounts as of any Valuation Date, the value of each Individual Account will be reduced proportionately.

**WHEN WILL I RECEIVE PAYMENTS FROM THE ANNUITY PLAN?**

In general, you are eligible to receive the amount in your Individual Account when:

1. you reach age 65 or retire with a pension from the Central Laborers' Pension Plan, or

2. you become totally and permanently disabled as determined by the Trustees, or
3. you have had no employer contributions to the Annuity Plan made on your behalf for 8 consecutive months, or
4. you have left covered employment and entered the Armed Forces of the United States for a period of at least 90 days, or
5. you reach age 70 1/2, even if you are still working in covered employment. (Federal law requires that the distribution begin by the April 1 following the end of the year in which you reach age 70 1/2.)

**WHAT IF I DIE BEFORE RECEIVING MY ANNUITY BENEFIT?**

If you die before you begin receiving your annuity benefit and you are married, a monthly Preretirement Surviving Spouse Benefit will be paid to your surviving spouse for life, unless your spouse rejects this form of payment and elects one of the optional forms of payment. The Preretirement Surviving Spouse Benefit provides a lifetime monthly amount payable to your spouse. If there is \$3,500 or less in your Individual Account when you die, the amount of your Individual Account will be paid to your spouse in a lump sum.

If you die before you begin receiving your annuity benefit and you are not married, or both you and your spouse have agreed in writing to a beneficiary other than your spouse, your annuity benefit will be paid to your designated beneficiary in a lump sum.

**If you are married and you have designated someone other than your spouse to receive your benefits, but your spouse does not agree in writing to this beneficiary, one-half (1/2) of the amount in your Individual Account will be paid to your designated beneficiary and one-half (1/2) will be paid to your spouse.**

**CAN I RECEIVE THE MONEY FROM MY INDIVIDUAL ACCOUNT AT THE SAME TIME THAT I BEGIN TO RECEIVE MY PENSION?**

Yes. However, you must complete a separate application for the Annuity Fund and it must be approved by the Board of Trustees.

**CAN I WORK IN COVERED EMPLOYMENT AND RECEIVE THE MONEY FROM MY INDIVIDUAL ACCOUNT WHILE I AM STILL WORKING?**

In most instances, you cannot work in covered employment and receive your Annuity Fund monies. However, if you are still working in covered employment under the Fund for which contributions are being made on your behalf when you reach age 70 1/2, payment of your monies from the Fund must begin in accordance with Federal law. You can continue working in covered employment after this date. However, at least annually, the Fund will, as required by Federal law, pay you a portion of the monies in your Individual Account. For more information on how this will affect you, contact the Fund Office.



### **HOW WILL ANNUITY PAYMENTS BE MADE?**

If you are not married and the amount in your Individual Account is more than \$3,500, your form of payment will be a single life annuity, unless you elect an optional form of payment. If you are married and the amount in your Individual Account is more than \$3,500, your form of payment will be a 50% Husband-and-Wife Annuity, unless both you and your spouse reject this form of payment within 90-days of the date your pension payment commences.

1. **Single-Life Annuity.** A single-life annuity provides you with a lifetime monthly benefit with no further benefits payable upon your death.
2. **50% Husband-and-Wife Annuity.** A 50% Husband-and-Wife Annuity provides you with a lifetime monthly benefit, and a lifetime monthly benefit for your surviving spouse, if you die first, equal to 50% of your monthly benefit. No benefits are payable following the death of your spouse.

The monthly annuity benefits will be provided by purchasing an annuity from an insurance company. The amount of your monthly benefit will be determined by the insurance company based on your account balance upon retirement.

If the amount in your Individual Account is \$3,500 or less, your benefit will be paid in a lump sum, whether or not you are married.

### **WHAT HAPPENS TO MY BENEFIT IF I AM DIVORCED?**

The Plan is required by law to comply with the terms and conditions of a qualified domestic relations order. Therefore, if a qualified domestic relations order requires payment of an employee's benefit, or a part of that benefit, to an alternate payee such as a former spouse or other dependent, the Trustees must comply.

### **WHAT ARE THE OPTIONAL FORMS OF PAYMENT?**

If the amount of your Individual Account is \$3,500 or more and if:

1. you are single and choose not to have your benefit paid as a single life annuity, or
2. you are the surviving spouse and you choose not to have your survivor benefit paid as a Preretirement Surviving Spouse Benefit,

you may choose to have your benefit paid in one of the following optional forms:

1. **Lump-Sum Payment.** If you elect a lump-sum payment, you will receive a single payment equalling the total value of your Individual Account. Your lump-sum payment is eligible for rollover and can be forwarded to another qualified retirement plan or to an Individual Retirement Account (IRA). If your lump-sum payment is not forwarded

to another qualified retirement plan or an IRA, federal law requires the Fund to withhold 20% of your payment for Federal tax purposes.

**If you elect a lump-sum payment, you should know that no interest is credited nor expenses charged to your account from the most recent Valuation Date prior to your date of payment. For instance, whether you retire on April 1 or September 1, your benefit will be based on your Individual Account balance as of March 31.**

2. **Single-Life Annuity with Return of Principal Guaranteed.** This optional form of payment is similar to a single-life annuity except that there is a guarantee that if you die before your monthly payments total the amount in your Individual Account used to purchase the lifetime annuity, your designated beneficiary will receive monthly payments until the total paid to you and your beneficiary equal the amount used to purchase the annuity.
3. **60 Month Installments.** If you elect the 60 month installment option, the amount of your Individual Account will be paid in 60 equal monthly installments. Total interest earnings, less administrative charges, over the 60 month period will be paid to you at the end of the 60 month period as a 61st payment. If you should die after you begin to receive the payments, any remaining balance will be paid to your designated beneficiary in a lump-sum.
4. **120 Month Installments.** If you elect the 120 month installment option, the amount of your Individual Account will be paid in 120 equal monthly installments. Total interest earnings, less administrative charges, over the 120 month period will be paid to you at the end of the 120 month period as a 121st payment. If you should die after you begin to receive the payments, any remaining balance will be paid to your designated beneficiary in a lump-sum.

If the amount of your Individual Account is \$3,500 or more and if you are married and your wife consents in writing to the rejection of the 50% Husband-and-Wife Annuity within 90-days before your monthly benefit commences you may also, in addition to the optional forms listed above, choose to have your benefit paid in the following optional form:

5. **50% Husband-and-Wife Annuity with Ten-Years Certain.** This benefit is the same as the 50% Husband-and-Wife Annuity, except that there is a guarantee that your monthly benefit will be paid for a minimum of ten years. If you should die before a total of ten years of benefit payments have been made, your surviving spouse would receive the same monthly benefit amount that you were receiving until the total of your payments and payments to your surviving spouse equal ten years of monthly payments.

After a total of ten years of monthly payments have been made to you and your surviving spouse, combined, your surviving spouse will

receive 50% of the monthly benefit amount for life.

If neither you nor your surviving spouse receive a total of ten years of monthly payments, your beneficiary will receive the same monthly benefit amount that you were receiving until a total of your payments, payments to your surviving spouse, and payments to your beneficiary equal ten years of monthly payments.

If the amount in your Individual Account is \$3,500 or less, benefits will be paid in a lump sum.

#### **HOW DO I DESIGNATE A BENEFICIARY?**

A Beneficiary Designation form (attached to the inside cover of this Booklet) should be completed and returned to the Fund Office if you have not already completed a form for the Annuity Fund, or if you desire to change a previous beneficiary designation. If you are married, and you designate someone other than your spouse as beneficiary, you and your spouse must also complete the Waiver of Preretirement Surviving Spouse Benefit form before a Notary Public or Plan representative.

#### **WHAT IF I LEAVE THE INDUSTRY OR MOVE TO ANOTHER PART OF THE COUNTRY BEFORE RETIREMENT?**

You are still entitled to receive the money in your Individual Account but not right away. In order to show that you have permanently separated from the coverage of the Plan, you must not work in Covered Employment (employment where contributions are made on your behalf to the Central Laborers' Annuity Fund) for at least 8 consecutive months. At the end of the 8-month period, you are entitled to receive the money in your Individual Account as of that date and after making proper application.

#### **WHAT HAPPENS IF I GO TO WORK IN EMPLOYMENT COVERED BY ANOTHER ANNUITY PLAN?**

The Central Laborers' Annuity Fund has entered into reciprocal agreements with other Laborers' annuity funds to allow participants to authorize the transfer of contributions back to their "Home Fund" when they work under the jurisdiction of other Laborers' annuity funds that have signed this agreement. For a list of the Funds that have signed this agreement, contact the Fund Office.

Under the reciprocal agreement, the Fund under which you are currently a participant is called your "Home Fund". If you work outside your Home Fund in the jurisdiction of a Laborers' annuity fund that has signed this agreement, your employer will contribute to the annuity fund in the area in which you are working. However, if you sign the transfer request and the consent form (this form can be obtained from the Fund Office), the fund in whose jurisdiction you are working can then send the employer contributions to your Home Fund.

With respect to the transfer request and the consent form, you must make the request of the annuity fund within 90 days of the time you begin employment in the jurisdiction of that fund in order to have the contributions

transferred. After 90 days, the right to transfer employer contributions expires unless the Trustees determine that there were extenuating circumstances that prevented the timely filing of the transfer request. The amount transferred will be the amount of employer contributions actually received by the fund which covers the area in which you are working. **Also, no contributions will be transferred from the Central Laborers' Annuity Fund to another annuity fund unless you are vested within that fund.**

**IS THERE ANY WAY IN WHICH MY EMPLOYER CONTRIBUTIONS PAID FOR ME WILL NOT BE PAID TO ME OR MY DESIGNATED BENEFICIARY UNDER THE ANNUITY PLAN?**

Once you work an hour in covered employment for which contributions are paid into the Annuity Fund on your behalf, you are 100% vested and are entitled to the value of your Individual Account upon your retirement, disability, death, separation from service, or have entered the armed forces of the United States and have not worked in covered employment for at least 90 days.

However, in the event that no contributions have been made to your Individual Account for a period of 60 consecutive months and no application for payment of the Individual Account has been made during the 60 month period and the Trustees have been unable to locate you (or your beneficiary if you have died), then the Individual Account will be applied to the expenses of the Fund provided that if you or your beneficiary later file an application, you will be entitled to payment of the Account.

**HOW DO I APPLY FOR BENEFITS?**

A participant who retires or terminates employment should request an application from the Fund Office. Payment cannot be made until an application is received at the Fund Office and approved by the Trustees who are responsible for making sure that all rules of the Plan are followed.

**IF MY APPLICATION IS DENIED, DO I HAVE THE RIGHT TO APPEAL?**

Yes. You (or your authorized representative) simply file a written appeal with the Fund Office no later than 180 days after you receive the notice of denial. You may at this time request a hearing from the Board of Trustees. You also have a right to review pertinent documents and to submit comments in writing.

The Board of Trustees will make a decision regarding the appeal within a reasonable time after it is filed. The decision will be in writing and will include the specific basis for the decision and specific references to Plan provisions on which the decision was based. The decision of the Board of Trustees will be final and binding on all concerned.

**DO I HAVE TO PAY TAX ON THE MONEY IN MY INDIVIDUAL ACCOUNT?**

That depends. The money in your Individual Account is not considered taxable income until you are entitled to receive it. When you are entitled to receive the money in your Individual Account, it must be reported as taxable income. However, in some instances, you may be able to roll over the money in your Individual Account into your personal IRA or into another qualified

retirement plan. A payment that is eligible for rollover can be taken in two ways. You can have all or any portion of your payment either (1) paid in a direct rollover or (2) paid to you. This choice will affect the tax you owe.

If you choose a direct rollover:

1. your payment will not be taxed in the current year and no income tax will be withheld,
2. your payment will be made directly to your IRA or, if you choose, to another qualified retirement plan that accepts your rollover, and
3. your payment will be taxed later when you take it out of the IRA or the qualified retirement plan.

If you choose to have your benefit paid to you:

1. you will receive only 80% of the payment, because Federal law requires that the Fund withhold 20% of the payment and send it to the Internal Revenue Service as income tax withholding to be credited against your taxes,
2. your payment will be taxed in the current year unless you roll it over (you may be able to use special tax rules that could reduce the tax you owe, however, if you receive the payment before age 59 1/2 you also may have to pay an additional 10% tax),
3. you can roll over the payment by paying it to your IRA or to another qualified retirement plan that accepts your rollover within 60 days of receiving the payment, and the amount will not be taxed until you take it out of the IRA or other qualified retirement plan, and
4. if you want to roll over 100% of the payment to an IRA or another qualified retirement plan that accepts your rollover, **you must find other money to replace the 20% that was withheld** (if you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over).

**Federal law requires the Fund Office to provide you with a timely "Special Tax Notice Regarding Plan Payments" which describes your rights and obligations regarding rollovers and withholding requirements.**

To actually determine what may be the best way for you to take the money in your Individual Account (lump sum or monthly payments) and the tax consequences of any payments you receive, you should discuss your particular circumstances with a competent tax advisor. The Trustees or the staff at the Fund Office cannot help you in this matter.

**IF I OWE MONEY, CAN I SIGN OVER MY RIGHTS TO MY INDIVIDUAL ACCOUNT?**

Generally, no. The Annuity Plan contains a provision forbidding any assignment, pledging or otherwise disposing of your annuity payments. However, if you are divorced and have a qualified domestic relations order, the Trustees must pay benefits as directed by the court.

**WHAT ARE MY BENEFITS IF THE PLAN TERMINATES?**

If the Plan terminates or if all employer contributions stop, you will receive that part of the total Plan assets (after Plan expenses) in the same ratio as your Individual Account bears to the total Individual Accounts of all Participants.

## ADDITIONAL FUND INFORMATION

All contributions to the Annuity Plan are made by employers in accordance with Collective Bargaining Agreements with Local Unions or the District Council affiliated with the Laborers' International Union of North America, AFL-CIO which require contributions to be paid to the Annuity Plan at fixed rates per hour worked.

Benefits are provided from the Annuity Plan's assets which are accumulated under the provisions of the Trust Agreement for the purpose of providing benefits to covered participants and defraying reasonable administrative expenses.

If you have any questions or problems as to benefit payments you have the right to obtain answers from the Trustees who administer the Plan. The same basic rights have now been incorporated in the Employee Retirement Income Security Act, which Congress adopted in 1974, for application to all benefit plans. These rights are as follows:

### **Statement of Rights under Employee Retirement Income Security Act of 1974.**

As a participant in the Central Laborers' Annuity Plan you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan participants shall be entitled to:

Examine, without charge, at the Plan Administrator's Office and at other specified locations, such as union halls, and worksites, where at least 50 Plan participants are customarily employed, all Plan documents, including Collective Bargaining Agreements and copies of all documents filed by the Plan with the U.S. Department of Labor, such as detailed reports and plan descriptions.

Obtain copies of all Plan documents and other Plan information upon written request to the Plan Administrator. The Administrator may make a reasonable charge for the copies.

Receive a summary of the Plan's Annual Financial Report. The Plan Administrator is required by law to furnish each participant with a copy of this Summary Annual Report.

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Employee Benefit Plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA. If your claim for a benefit is denied in whole or in part you must receive a written explanation of the reason for the denial. You have the right to have the Plan review and reconsider your claim. Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within 30 days, you may file

suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$100 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous. If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, you should contact the Pension and Welfare Benefits Administration, U.S. Department of Labor.

The Fund Office will provide you, upon written request, information as to whether a particular employer is contributing to this Plan on behalf of participants working under collective bargaining agreements.

The Board of Trustees is both the Plan Sponsor and the Plan Administrator and has been designated as the agent for the service of legal process.

As of June 1, 1995, the Trustees of this Plan are:

**Union Trustees**

Edward M. Smith  
Laborers' International Union  
of North America  
117 S. Fifth Street  
Springfield, Illinois 62701

Ron Shevlin  
Southwestern Illinois  
Laborers' District Council  
2 Eastport Plaza Dr., Suite 230  
Collinsville, Illinois 62234

John Penn  
North Central Illinois  
Laborers' District Council  
6714 North Frostwood Parkway  
Peoria, Illinois 61615

Eric Menssen  
Laborers' Local 996  
P.O. Box 410  
Roanoke, Illinois 61561

**Employer Trustees**

James P. Bruner  
Illinois Valley Paving Company  
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Thomas L. Caldwell  
Caldwell Engineering Company  
P.O. Box 280  
Jacksonville, Illinois 62651

Eric D. Fields  
AGC of Illinois  
P.O. Box 2579  
Springfield, Illinois 62708

John B. Meek  
Felmley-Dickerson Company  
P.O. Box 546  
Bloomington, Illinois 61702-5046



**Union Trustees**

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John R. Taylor  
Laborers' Local 1197  
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McLeansboro, Illinois 62859

George Reithman  
Laborers' Local 338  
47 West Ferguson  
Wood River, Illinois 62095

Gene Johnson  
Laborers' Local 703  
108 East Anthony Drive  
Urbana, Illinois 61801

**Employer Trustees**

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Bluffs, Illinois 62621

John Holub  
Holub & Associates  
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Chicago, Illinois 60611

Bill Orrill  
Robert L. Morgan Builder, Inc.  
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Steve Morthole  
Steve Morthole Masonry  
P.O. Box 845  
Jacksonville, Illinois 62651

# **CENTRAL LABORERS' ANNUITY FUND**

## **RULES AND REGULATIONS of the CENTRAL LABORERS' ANNUITY PLAN Restated Effective October 1, 1989**

By resolution duly adopted by the Board of Trustees of the Central Laborers' Annuity Fund, the following defined contribution Annuity Plan was adopted as part of the Pension Plan pursuant to the authority of the Board of Trustees granted under the Agreement and Declaration of Trust entered into as of January 1, 1965 and as subsequently amended from time to time.

The Plan includes amendments adopted through June 1, 1995.

## **ARTICLE A-I DEFINITIONS**

Unless the context or subject matter requires otherwise, the following definitions shall govern in this Plan.

### **Section 1.1 Trust Agreement.**

"Trust Agreement" means the Agreement and Declaration of Trust establishing the Central Laborers' Pension Fund dated as of January 1, 1965 including any modification, amendment, extension or renewal thereof.

### **Section 1.2 Annuity Fund.**

"Annuity Fund" or "Fund" means the Central Laborers' Annuity Fund established by the Trust Agreement and shall mean generally the monies and other items of value which comprise the corpus and additions thereto, receive or held for on behalf of the Trustees and as kept separate and apart from those of the Central Laborers' Pension Fund and Central Laborers Welfare Fund. Effective October 1, 1987 this plan as set forth herein is intended to qualify as a "profit sharing plan" under Section 401(a)(27) of the Internal Revenue Code, even though contributions are not dependent on the profits or profitability of any Employer.

### **Section 1.3. Trustees.**

"Trustees" means the Board of Trustees as established and constituted from time to time in accordance with the Trust Agreement.

### **Section 1.4. Annuity Plan or Plan.**

"Annuity Plan" or "Plan" means these Rules and Regulations as set forth in this document as adopted by the Trustees and as may thereafter be amended by the Trustees. The Annuity Plan as set forth herein provides for the administration, accumulation of assets, investment of assets, and funding as separate and apart from those of the Central Laborers' Pension Plan.

### **Section 1.5. Union.**

"Union" means a Local, Union or District Council affiliated with the Laborers' International Union of North America, AFL-CIO, or other Local Union approved for participation, which has a Collective Bargaining Agreement with an Employer requiring contributions to be paid to the Annuity Fund.

### **Section 1.6. Contributing Employer or Employer.**

"Contributing Employer" or "Employer" means an employer signatory to a Collective Bargaining Agreement with the Union requiring contributions to the Fund, an employer (including the Union) signatory to any other agreement requiring contributions to the Fund who, in writing, adopts and agrees to be bound by the terms of the Trust Agreement and such other persons considered an employer under the Trust Agreement. An employer shall not be

deemed a Contributing Employer simply because it is part of a controlled group of corporations or of a trade or business under common control, some other part of which is a Contributing Employer.

**Section 1.7. Collective Bargaining Agreement or Agreement.**

"Collective Bargaining Agreement" or "Agreement" means a written agreement between the Union and an Employer which requires contributions to the Fund and which is written in conformance with language prescribed by the Trustees.

**Section 1.8. Employee.**

"Employee" means a person covered by a Collective Bargaining Agreement or Agreement. However, no officer or stockholder having a direct or indirect controlling interest in any corporation which now or hereafter has a Collective Bargaining Agreement with the Union requiring periodic contributions to the Annuity Fund, or any partner of a partnership, or member of an organization, or sole proprietor who is a Contributing Employer, or association which now or hereafter has a Collective Bargaining Agreement with the Union requiring periodic contributions to the Annuity Fund shall be considered an Employee under the Annuity Plan.

**Section 1.9. Covered Employment.**

The term "Covered Employment" means employment as an Employee by an Employer.

**Section 1.10. Individual Account.**

"Individual Account" means the account established for each Employee pursuant to the Annuity Plan.

**Section 1.11. Plan Year.**

"Plan Year" means the annual period October 1 through September 30 and shall be the Plan's Fiscal Year.

**Section 1.12. Valuation Date.**

"Valuation Date" means March 31 and September 30 of each Fiscal Year.

**Section 1.13. Retire.**

"Retire" or "Retirement" means:

- a. an Employee who is at least age 65 or,
- b. an Employee who has applied for and is entitled to receive a Pension benefit from the Central Laborers' Pension Fund.

**Section 1.14. Participant.**

"Participant" means an Annuitant or an Employee who meets the requirements for participation in the Plan as set forth in Article A-II or a former Employee who has acquired a right to an annuity under the Plan.

**Section 1.15. Annuitant.**

"Annuitant" means an Employee who retires and/or who receives a benefit from the Plan.

**Section 1.16. Beneficiary.**

"Beneficiary" means a person who is receiving benefits under the Plan because of his or her designation for such benefits by an Annuitant or a Participant.

**Section 1.17. Asset Value.**

"Asset Value" means the fair market value of the Fund assets. However, insurance company fixed-income accounts in which the principal is guaranteed shall be valued at cost value.

**Section 1.18 Reciprocal Agreement.**

"Reciprocal Agreement" means a valid written agreement between the Fund and another fund which is established pursuant to a Collective Bargaining Agreement and an Employer providing for the transfer of contributions of Covered Persons.

**Section 1.19. Annuity Starting Date or Effective Date.**

- a. The "Annuity Starting Date" or "Effective Date" is the date as of which benefits are calculated and paid under the Plan and shall be the first day of the first month after or coincident with the later of:
  1. the first day of the month following submission by the Participant of a completed application for benefits, or
  2. 30 days after the Plan advises the Participant of the available payment options.
- b. The Annuity Starting Date may occur and benefits may begin before the end of the 30-day period, provided:
  1. the Participant and Spouse, if any, consent in writing to the commencement of payments before the end of the 30-day period,
  2. the Participant's benefit was previously being paid because of an election after age 65, or
  3. the Participant's benefit is being paid automatically as a lump sum under the provisions of the Plan.
- c. The Annuity Starting Date will not be later than the Participant's Required Beginning Date.
- d. The Annuity Starting Date for a beneficiary or alternate payee under a Qualified Domestic Relations Order (within the meaning of Section

206(d)(3) of the ERISA and Section 414(p) of the Internal Revenue Code) will be determined as stated in Subsections (a) and (b) above, except that references to spousal consent do not apply.

**Section 1.20. Required Beginning Date.**

A Participant's "Required Beginning Date" is April 1 of the calendar year following the calendar year in which the Participant reaches age 70 1/2.

**Section 1.21. Gender.**

Except as the context may specifically require otherwise, use of the masculine gender shall be understood to include both masculine and feminine genders.

## **ARTICLE A-II PARTICIPATION AND VESTING**

### **Section 2.1. Purpose.**

- a. The Annuity Plan was established to provide termination benefits or supplemental retirement benefits for Participants who are represented for the purpose of collective bargaining by the Union. The Annuity Plan will apply to **only** those contributions negotiated between the Union and Employer which are specifically designated as payable to the Central Laborers' Annuity Plan in the Collective Bargaining Agreement. In no event shall the Annuity Plan contribution rate as specified in the Agreement be less than \$.10 per hour. If such contribution rate is greater than \$.10 per hour, the Agreement must provide for a higher rate in even \$.05 increments. If the Collective Bargaining Agreement between the Union and Employer also provides for a contribution rate payable to the Central Laborers' Pension Fund, participation of the Union and Employer in the Annuity Fund shall not be accepted or shall be terminated if the Pension Fund Contribution Rate is reduced.
- b. This article contains definitions to meet certain requirements of applicable laws of the United States, and specifically the Employee Retirement Income Security Act of 1974 (otherwise referred to as ERISA). Once an Employee has become a Participant, the provisions of the Plan shall give him credit in accordance with the rules of the Plan for his service on and after contributions began to the Annuity Fund.
- c. In addition to Participants represented for the purpose of collective bargaining by the Union, the Trustees have decided to permit participation by Employees of a Local Union or District Council that has a Collective Bargaining Agreement with an employer required to contribute to the Central Laborers' Pension Fund, or a Union Industry Related Organization. Such participation shall be on terms and conditions determined by the Trustees, at their discretion, provided that such discretion shall be exercised in a non-discriminatory manner.

### **Section 2.2. Participation.**

- a. Effective on and after October 1, 1986, an Employee shall become a Participant in the Plan as of the beginning of the Plan Year during which at least one hour of contribution for work in Covered Employment was made on his behalf.
- b. Once an Employee has met the requirements for participation in the Plan he shall remain a Participant until such time as his Accumulated

Share has been distributed on his behalf in accordance with all the provisions of the Plan.

**Section 2.3. Acceptance of a New Contributing Employer.**

An Employer shall be accepted by the Trustees as a "Contributing Employer" upon application by the Union if:

- a. the Employer, along with the Union, becomes party to the standard collective bargaining clause, as approved by the Trustees, which sets forth the full details of the basis for contributions to the Fund and the basis for acceptance as a Contributing Employer, or signs any other written instrument acceptable to the Trustees wherein he agrees to be bound by said standard clause; and
- b. the Employer or Union furnishes the name, Social Security number, date of birth and employment date of each Employee then covered by the Collective Bargaining Agreement between the Union and the new Employer.

A written notice of acceptance shall be sent by the Trustees to any new Contributing Employer who is accepted for participation in the Fund. Until such written notice shall be sent by the Trustees, any new Contributing Employer shall not be deemed to have been accepted for participation in the Fund.

**Section 2.4. Acceptance of a Participating Local Union or District Council as a Contributing Employer.**

A Local Union or District Council may be accepted in the Fund as a Contributing Employer for the purpose of covering all its Employees under the following conditions:

- a. Written application for such participation is made to the Trustees and approval is received in writing;
- b. the Local Union or District Council submits necessary data as to all its Employees;
- c. the Local Union or District Council agrees to the participation rules established by the Trustees; and
- d. the Local Union or District Council signs the appropriate standard form of Participation Agreement, as approved by the Trustees.

**Section 2.5. Acceptance of a Union Industry Related Organization as a Contributing Employer.**

A Health and Welfare Fund, Joint Apprenticeship Committee, Joint Trade Board, or other organization, in which a Local Union or District Council participates and which furthers the purpose of or benefits the employees represented by such Local Union or District Council for purposes of collective bargaining,



shall be known as a Union Industry Related Organization and may be accepted in the Fund as a Contributing Employer under the following conditions:

- a. Written application for such participation is made to the Trustees and accepted by the Trustees in writing;
- b. the Organization submits necessary data as to all its Employees; and
- c. the Organization signs the appropriate standard form of Participation Agreement, as approved by the Trustees.

**Section 2.6. Vesting.**

A Participant becomes 100% vested for the Accumulated Share in his Individual Account on the date one hour of contribution is first received on his behalf. Individual Accounts are distributed in accordance with the provisions set forth in Article A-IV of this Plan. Upon full distribution of an Individual Account, all rights to participation and vesting cease.

## **ARTICLE A-III INDIVIDUAL ACCOUNTS**

### **Section 3.1. Creation of Accounts.**

As of each Valuation Date, following the adoption of the Plan, an Individual Account shall be established for each Employee for whom contributions are received unless an Individual Account has already been so established.

### **Section 3.2. Determination of Amount.**

As soon as practicable after the Valuation Date, the Trustees shall determine and fix the amount in each Employee's Individual Account. The amount in each Individual Account shall be the total of the following:

- a. The amount in the Individual Account as of the last previous Valuation Date, plus
- b. the investment yield determined by the Trustees to be applicable to the Individual Accounts on a uniform basis, in accordance with Section 3.3, minus
- c. the pro-rated cost of administrative expenses of the Plan incurred during the last preceding Valuation Date, plus
- d. the Employer contributions made on behalf of the Employee and received by the Plan since the last preceding Valuation Date.

### **Section 3.3. Semi-Annual Revision.**

- a. As soon as practicable after the Valuation Date, the Trustees shall determine the gross investment yield obtained by the Plan since the last preceding Valuation Date as follows:
  1. Determine the total Asset Value of the Annuity Plan as of the last preceding Valuation Date, less the total of all accounts terminated since the last preceding Valuation Date.
  2. Determine the total Asset Value of the Annuity Plan as of the new Valuation Date (less the total of all Employer contributions received since the last preceding Valuation Date).
  3. Determine the total of all administrative expenses paid by the Plan since the last preceding Valuation Date.
  4. Add (2) and (3).
  5. Subtract (1) from (4). The resultant figure shall be the gross

investment yield of the Annuity Fund.

- b.
  1. The gross investment yield, as determined in Subsection (a) above, shall be divided by the total dollar amount in all of the Individual Accounts as of the last previous Valuation Date excluding Individual Accounts terminated since the last preceding Valuation Date.
  2. The fraction so obtained shall be multiplied by the amount in each such Individual Account, as of the last previous Valuation Date, and shall represent the investment yield to be added to each such Individual Account for the current Valuation.
  3. The Trustees shall then deduct from each previously established Individual Account such expenses for the administration of the Plan and other amounts for reserves or such other purposes as they, in their sole discretion, shall decide. The expenses or other amounts so deducted shall be on a per-Individual Account basis uniformly applied regardless of the amount in the Individual Account. In the event that the charge for expenses and other deductions against the Individual Account exceed the principal of any Individual Account, the excess expenses and charges shall be divided among, and uniformly charged to, all other existing Individual Accounts.
- c. Each Employee who has an Individual Account shall receive a statement reflecting the balance of his Individual Account after the March valuation, or as soon as possible after that date.

**Section 3.4. Reduction of Accounts.**

The Trustees may, at any time uniformly reduce the amount in each Individual Account. In no event on any Valuation Date shall the total amount in all Individual Accounts plus administrative expenses exceed the Asset Value of the total net assets of the Plan. If such an event should occur, then all existing Individual Accounts shall automatically be proportionately reduced so that the total of all Individual Accounts plus the amount previously established for expenses is not more than the total net assets.

**Section 3.5. Limited Vesting.**

The fact that Individual Accounts are established and valued as of each Valuation Date shall not vest in any Employee, or others, any right, title or interest in the Plan or its assets, or in the Individual Account, except at the time or times and upon the terms and conditions herein provided.

## **ARTICLE A-IV BENEFITS AND ELIGIBILITY**

### **Section 4.1. Amount of Accumulated Share.**

Upon the establishment of eligibility for the distribution of any benefit from this Fund, the amount upon which payment is based shall be the Participant's Individual Account as of the last preceding Valuation Date plus any additional Employer contributions made on behalf of the Employee not included in his Individual Account on the last preceding Valuation Date. The total of these two items shall be known as the Employee's "Accumulated Share."

### **Section 4.2. Eligibility for Benefit Payment.**

- a. Eligibility for benefit payment shall be established, subject to the applicable provisions of the Plan, when:
  1. the Participant Retires as defined in Section 1.13.
  2. the Participant dies prior to becoming an Annuitant, or
  3. the Participant becomes totally and permanently disabled, as defined in Subsection (b) below, or
  4. the Participant has not worked in Covered Employment requiring Employer Contributions on his behalf to this Fund, at least 8 consecutive months.
  5. Effective on and after October 1, 1990, the Participant has separated from Covered Employment by entering the Armed Forces of the United States and serving in active duty for at least 90 consecutive days and during such period the Participant did not work in Covered Employment for which Contributions are received by the Fund on his behalf.
- b. An Employee shall be deemed to be totally and permanently disabled only if he is eligible for a Disability Pension from the Central Laborers' Pension Fund or if the Trustees, in their sole and absolute judgment, find, on the basis of medical evidence, that
  1. he has been totally disabled by bodily injury or disease, by reason or causes other than self-inflicted injury, so as to be prevented thereby from engaging in any gainful occupation, and
  2. such disability will be permanent and continuous for the remainder of his life.

The Employee may be required to submit to an examination by a

physician or physicians selected by the Trustees. The Trustees may, at their discretion, accept as evidence of total and permanent disability a determination by the Social Security Administration that the Employee is entitled to a Social Security Disability Benefit in connection with his Old Age and Survivor's Insurance Coverage.

- c. An Employee shall be considered to have severed employment and the amount in his Individual Account, if any, will, upon application, be paid to the Employee if the Employee has not worked in a job covered by a Collective Bargaining Agreement requiring Employer contributions on his behalf to this Fund, for at least eight (8) consecutive months.
- d. Before October 1, 1987, payment to the Employee shall be made in a lump sum. On and after October 1, 1987, payment shall be made in accordance with Section 4.3 and Section 4.5. All rights of the Employee and liabilities of the Plan to the Employee shall cease upon payment.
- e. In the event that no contributions have been made to an Individual Account for a period of sixty (60) consecutive months and no application for payment of the Accumulated Share has been made by the end of that period and the Trustees have been unable, with due diligence, to locate the Employee for whom such Individual Account was established, or his Beneficiary if the Employee is known to be deceased, by the end of that period then such Accumulated Share shall be applied to the expenses of the Fund provided that if the Employee or his Beneficiary thereafter filed an application and is entitled to payment of the Accumulated Share, such payment shall be made.

**Section 4.3. Benefit for a Married Participant at Retirement or Separation from Covered Employment, or upon Becoming Disabled.**

- a. A distribution payable to a married Participant starting on or after October 1, 1987 shall be paid as a 50% Husband-and-Wife Annuity unless:
  - 1. the Participant and Spouse elect otherwise and file a valid waiver of the 50% Husband-and-Wife Annuity in accordance with Section 4.8, or
  - 2. the benefit is payable only in a single sum, under Section 4.9.
- b. For purposes of this Plan, a Spouse is a person to whom a Participant is considered married under applicable law and, if and to the extent provided in a qualified domestic relations order (within the meaning of Sections 206(d) of ERISA and 414(p) of the Internal Revenue Code), a Participant's former Spouse.

- c. To be eligible to receive the survivor's pension in accordance with a 50% Husband-and-Wife Annuity or a Preretirement Surviving Spouse Pension in accordance with Section 4.4, the Spouse must be a "Qualified Spouse." A Spouse is a Qualified Spouse if the Participant and Spouse were married on the date of the Participant's death and had been married throughout the year ending on the Annuity Starting Date or, if earlier, the date of death, or if the couple were divorced after being married for at least one year and the former spouse is required to be treated as a Spouse or surviving Spouse under a qualified domestic relations order within the meaning of Sections 206(d)(3) of ERISA and 414(p) of the Internal Revenue Code. A Spouse is also a Qualified Spouse if the Participant and Spouse became married within the year immediately preceding the date the Participant's pension payments start and they were married for at least a year before his death.
- d. A 50% Husband-and-Wife Annuity means that the Participant will receive a monthly amount for life and, if the Participant dies before his Spouse, the latter will receive a monthly benefit for her lifetime of 50% of the Participant's monthly amount. The monthly benefits shall be at the level payable under an annuity that is the actuarial equivalent of the Participant's Accumulated Share as of the date of distribution, determined in accordance with Section 4.7.
- e. Once a 50% Husband-and-Wife Annuity becomes payable it cannot be revoked. If, after that point, the Participant and Spouse are divorced or the Spouse dies before the Participant, the Participant's monthly annuity benefit will not be increased, and no one can be substituted as the Participant's contingent Beneficiary in lieu of the Spouse.
- f. A Participant who applies for a distribution from his account shall be advised by the Trustees of the estimated effect of payment on the basis of the 50% Husband-and-Wife Annuity, including a comparison between the estimated monthly annuity benefit, and the amounts under 60 or 120 equal monthly installments, or any other optional forms of benefit provided under the Plan.
- g. If there is a valid waiver of the 50% Husband-and-Wife Annuity, the amount in the Participant's account will be paid out in accordance with Section 4.11.
- h. If a Participant retires with a 50% Husband-and-Wife Annuity and subsequently divorces, the former spouse will receive the survivor benefit upon the participant's death unless the former spouse consents or a qualified domestic relations order provides otherwise.

**Section 4.4. Preretirement Surviving Spouse Benefit.**

- a. Effective August 22, 1984, if a Participant who has a Spouse as

defined in Section 4.3(b) dies before the distribution of his Accumulated Share has begun, a Preretirement Surviving Spouse Benefit shall be paid to his surviving Spouse unless the Participant and Spouse waive this benefit in accordance with Section 4.8, and instead elect one of the optional forms of payment in accordance with Section 4.11. If a Participant designates someone other than his Spouse to receive his Preretirement Death Benefits, but the rules for waiver of Spouse benefits in accordance with Section 4.8 are not met, one-half (1/2) of the Participant's Accumulated Share will be paid to the Participant's Spouse as a Preretirement Surviving Spouse Benefit and one half (1/2) of the Participant's Accumulated Share will be paid to his Beneficiary in a lump sum.

- b. The Preretirement Surviving Spouse Benefit is a monthly annuity for the life of the Spouse that is the actuarial equivalent, determined in accordance with Section 4.7, of the Participant's Accumulated Share as of the date of the Participant's death or, whichever applies, the Spouse's share of the Participant's Accumulated Share as of the date of the Participant's death.
- c. Election Period for Pre-retirement Surviving Spouse Annuity.
  1. Except as provided below or in Section 4.9, the Preretirement Surviving Spouse Benefit shall be payable as described in Subsection (b) above, starting as of the first day of a month that is no later than 90 days after the surviving Spouse applies for payments in the manner prescribed by the Trustees, including submission of any and all information that they require to process the claim and arrange for the commencement of payments.
  2. The surviving Spouse may elect in writing, filed with the Trustees, and on whatever form they may prescribe, to defer commencement of the Preretirement Surviving Spouse Benefit until a specified date that is no later than the first of the month following the date the Participant would have reached age 65. The benefit amount will be determined as if the Participant survived to the age as of the date surviving Spouse elected to begin receiving that benefit, retired at that age with an immediate 50% Husband-and-Wife Pension and died the next day, taking into account any actuarial adjustments to the Participant's accrued benefit that would have applied as of that date.
  3. A Spouse who requests that payments begin within one year after the Participant's death may elect to receive the Preretirement Surviving Spouse Benefit in any manner described in Section 4.11.

- d. A Participant with a Spouse eligible for the Preretirement Surviving Spouse Benefit may elect to have his account balance payable upon his death before retirement in a lump sum to his designated Beneficiary provided the Preretirement Surviving Spouse Benefit is properly waived in accordance with Section 4.8.

**Section 4.5. Benefit for an Unmarried Participant at Retirement or Separation from Covered Employment or upon Becoming Disabled.**

- a. Effective on and after October 1, 1987, if a Participant does not have a Spouse on the scheduled distribution date of his Accumulated Share and such Accumulated Share is more than \$3,500, the distribution shall be paid as a single-life annuity unless the Participant consents in writing to payment in an optional form as provided in Section 4.11. Before October 1, 1987, benefits shall be paid in a lump sum or over 60 or 120 months in accordance with Section 4.11.
- b. The single-life annuity shall be an annuity paying level monthly payments, starting within 90 days after the scheduled date of distribution and continuing for the Participant's lifetime, which is the actuarial equivalent of the Participant's Accumulated Share as of the scheduled date of distribution. For this purpose, "actuarial equivalent" shall be determined in accordance with Section 4.7 and the annuity shall be provided through the purchase of an insurance contract as described in Section 4.10.
- c. A Participant shall be informed by the Trustees of the estimated effect of payment in the form of a single-life annuity. Acceptance of payment in a lump-sum, or a request for payment in monthly installments of either 60 or 120 payments, or any other optional form of benefit, shall constitute consent to such other form of payment, if the Participant is informed of the opportunity to receive the single-life annuity instead.

**Section 4.6. Death Benefit for an Unmarried Participant.**

- a. In the event that a Participant who does not have a Spouse dies before distribution of his Accumulated Share has begun, his Accumulated Share shall be paid to his Beneficiary as a lump sum.
- b. The exercise of the Beneficiary's option shall be by notice thereof in writing given to the Trustees.

**Section 4.7. Actuarial Equivalent Benefits.**

For purposes of this article, the following principles shall apply in determining the actuarial equivalent of a Participant's account:

- a. The value of a Participant's account shall be deemed to be the value of the balance credited to the account as of the most recent Valuation Date preceding the date as of which the value is to be



determined, increased by any amounts allocated to the account after that Valuation Date and reduced by any amounts withdrawn from the account after that Valuation Date. The value of the account shall be adjusted in accordance with Article A-III as of each subsequent Valuation Date, until the amount in the account is distributed by purchase of an annuity or otherwise.

- b. The conversion of an account balance, or part of it, to an actuarial equivalent annuity shall be based on the actuarial assumptions and other terms prescribed by the insurance company selected by the Trustees to issue the annuity. These need not be the same factors (or the same insurance company) used to estimate the annuity benefits for purposes of informing the Participant and Spouse, if one, about the effect of receiving the benefit in annuity form.
- c. Fees, commissions and other costs directly incurred in connection with the purchase of an annuity will be deducted from the account balance immediately before the purchase.

**Section 4.8. Waiver of Spouse Benefits.**

The 50% Husband-and-Wife Annuity may only be waived in accordance with this section.

- a. The Participant files the waiver in writing in such form as the Trustees may prescribe, and the Participant's Spouse acknowledges the effect of the waiver and consents to it in writing, witnessed by a notary public or such representative of the Plan as the Trustees may designate for that purpose. Thereafter, the Participant shall not elect a different form of benefit (other than the 50% Husband and Wife Annuity) without the written consent of his Spouse.
- b. The Participant establishes to the satisfaction of the Trustees that a waiver is not required because:
  - 1. the Participant is not married,
  - 2. the Spouse whose consent would be required cannot be located; or
  - 3. the Participant and the Spouse are legally separated, or
  - 4. consent of the Spouse cannot be obtained because of extenuating circumstances, as provided in Treasury regulations.
- c. To be timely, a waiver of the 50% Husband-and-Wife Annuity and any required consent must be filed no more than 90 days before the date the Participant's account balance is to be distributed, whether by purchase of an annuity or otherwise. A waiver is valid only if a written

explanation of the effect of the 50% Husband-and-Wife Annuity has been provided to the Participant no earlier than 90 days before the Annuity Starting Date and no later than 30 days before the Annuity Starting Date. The Participant may file a new waiver or revoke a previous waiver at any time during the 90-day period after he is notified by the Trustees of the estimated effect of the 50% Husband-and-Wife Annuity. The Trustees may delay a scheduled distribution by up to 90 days, to accommodate a potential change in the form of distribution.

d. Additional Waiver Rules.

1. A Spouse's consent to a waiver shall be effective only with respect to that Spouse, and shall be irrevocable unless the Participant revokes the waiver to which it relates.
2. Effective August 22, 1984, a waiver of either the 50% Husband-and-Wife Annuity or the Preretirement Surviving Spouse Benefit shall be void if:
  - i. someone other than the Participant's Spouse is named as Beneficiary under the Plan for any share of the Participant's account that would otherwise be payable as a death benefit under the 50% Husband-and-Wife Annuity or the Preretirement Surviving Spouse Benefit, unless
  - ii. the Spouse has acknowledged the designation of the alternative Beneficiary in connection with his or her consent to the Participant's waiver of the Spouse death benefits, or otherwise in writing, witnessed by a Plan representative or notary public.

Thereafter, any changes of beneficiary shall be void if the Participant has a Spouse at the date of death, unless the change of Beneficiary is consistent with the Spouse's written consent.

- e. Notwithstanding any other provisions of the Plan, a waiver of the 50% Husband-and-Wife Annuity shall not be effective if given more than 90 days before the Annuity Starting Date.
- f. A Spouse's consent to a waiver shall be effective only with respect to that Spouse and shall be irrevocable unless the Participant revokes the waiver to which it relates.

**Section 4.9. Exceptions to Surviving Spouse Benefits.**

Notwithstanding any other provisions in this Plan to the contrary:

- a. If the value of the Preretirement Surviving Spouse Benefit as of the

date of the Participant's death is \$3,500 or less, the Trustees shall cause it to be paid to the surviving Spouse in a single sum, as promptly as practicable after they learn of the Participant's death.

- b. The value of any benefits owed to an "alternate payee" under a qualified domestic relations order, as defined in Sections 206(d) of ERISA and 414(p) of the Internal Revenue Code, shall be subtracted from benefits otherwise payable under this article.

**Section 4.10. Insurance Contracts.**

Unless the Trustees determine otherwise, any annuities payable under Sections 4.3, 4.4 or 4.5 shall be provided by the purchase of an irrevocable annuity from an insurance company. The purchase of the annuity shall discharge the Trustees' obligations to the Participant and/or Spouse and any other matters relating to the administration of the benefit shall be the sole responsibility of the insurance company.

**Section 4.11. Optional Forms of Payment.**

Effective on or after October 1, 1987, a Participant who is unmarried or who has filed a valid waiver of the 50% Husband-and-Wife Annuity or a surviving Spouse who waives the Preretirement Surviving Spouse Benefit shall have the option to request that the Trustees pay his Accumulated Share in either of the following forms:

- a. **A lump-sum payment.**
- b. **Equal monthly installments of either 60 or 120 payments.** If payment in the optional form of equal monthly installments is elected, the Participant's Individual Account will be valued as follows:
  - 1. For the 60 or 120 monthly payments the Individual Account balance shall be determined in accordance with Section 3.2. This amount shall be divided by the number of payments to be made to obtain the monthly amount payable.
  - 2. On a Valuation Date, interest will be credited on the balance of the Individual Account plus any Employer Contributions made (if any) as of the previous Valuation Date less monthly payments made and administrative expenses charged during the Period. A Period shall be the time from one Valuation Date to the next succeeding Valuation Date.
  - 3. At the end of the 60 or 120 month period, interest credited on the Individual Account plus any Employer Contributions and less administrative expenses shall be paid as a 61st or 121st monthly payment. This shall be the final payment of the Participant's Individual Account and it will be paid in a lump sum.

4. In the event that the Annuitant dies before the exhaustion of his Accumulated Share, the remainder of 60 or 120 monthly payments shall be payable in a lump-sum (determined in accordance with Section 4.7) to his designated Beneficiary or otherwise be distributed on his behalf in accordance with the provisions of Section 5.6.
- c. **Single-Life Annuity with Return of Principal Guaranteed.** If payment in the optional form of Single-Life Annuity with Return of Principal Guaranteed is elected, the Participant's benefit shall be payable as follows:
1. The form of payment shall be a single-life annuity for the life of the Participant.
  2. In the event that the Participant dies before his total monthly payments received equal his Individual Account, determined in accordance with Section 3.2, used to purchase a single-life annuity, the Participant's designated Beneficiary shall receive monthly payments until the total paid to the Participant and his Beneficiary equals the amount used to purchase the annuity.
- d. **50% Husband-and-Wife Annuity with Ten-Years Certain.** If a married Participant and his Spouse reject the 50% Husband-and-Wife Annuity, in accordance with Section 4.8, the Participant may elect to have his benefit paid in the optional form of a 50% Husband-and-Wife Annuity with Ten-Years Certain. If payment in the optional form of single-life annuity with Return of Principal Guaranteed is elected, the Participant's benefit shall be payable as follows:
1. The form of payments shall be the same as the 50% Husband-and-Wife Annuity, except that there is a guarantee that the Participant's monthly benefit will be paid for a minimum of ten years.
  2. If the Participant dies before a total of ten years of monthly benefit payments have been made, his surviving Spouse shall receive the same monthly benefit amount that the Participant was receiving as of the date of his death, until the total of the Participant's payments and payments to his surviving Spouse equal ten years of monthly payments.
  3. After a total of ten years of monthly payments have been made to the Participant and his surviving Spouse, combined, the Participant's surviving Spouse shall receive 50% of the monthly benefit amount for life.
  4. If neither the Participant or his surviving Spouse receive a total

of ten years of monthly payments, the Participant's Beneficiary will receive the same monthly benefit amount that the Participant was receiving as of the date of his death, until a total of the Participant's payments, payments to the Participant's surviving Spouse, and payments to the Participant's Beneficiary equal ten years of monthly payments.

**Section 4.12. Trustees' Reliance.**

The Trustees shall be entitled to rely on written representations, consents, and revocations submitted by Participants, Spouses or other parties in making determinations under this article and, unless such reliance is arbitrary or capricious, the Trustees' determination shall be final and binding, and shall discharge the Fund and the Trustees from liability to the extent of the payments made. This means that, unless the Plan is administered in a manner determined to be inconsistent with the fiduciary standard of Part 4 of Title I of ERISA, the Fund shall not be liable under this article for duplicate benefits with respect to the same Participant, or for any combination of surviving Spouse and other death benefits with respect to the Participant in excess of the value of the Participant's account determined as of the date scheduled for the start of payments to the Participant or, if earlier, the date of the Participant's death.

## **ARTICLE A-V GENERAL PROVISIONS**

### **Section 5.1. Applications.**

Applications for all benefits must be made in writing in a form and manner prescribed by the Trustees. Benefits shall be payable as of the first day of the month following the month an application approved by the Trustees is submitted.

### **Section 5.2. Information and Proof.**

Each Employee and Annuitant shall furnish the Board of Trustees with any information or proof reasonably required to determine his benefit rights. If the claimant makes a willfully false statement material to his application or furnishes fraudulent information or proof material to his claim, benefits may be denied, suspended or discontinued. The Trustees shall have the right to recover any benefit payments made in reliance on any willfully false or fraudulent statement, information or proof submitted by an Employee or Annuitant.

### **Section 5.3. Incompetence or Incapacity of Annuitant or Beneficiary.**

In the event it is determined to the satisfaction of the Trustees that an Annuitant or Beneficiary is unable to care for his affairs because of mental or physical incapacity, any payment due may be applied, in the discretion of the Trustees, to the maintenance and support of such Annuitant or Beneficiary or to such person as the Trustees in their sole discretion find to be an object of the natural bounty of the Annuitant or Beneficiary in the manner decided by the Trustees, unless, prior to such payment, claim shall have been made for such payment by a legally appointed guardian, committee or other legal representative appropriate to receive such payments on behalf of the Annuitant or Beneficiary.

### **Section 5.4. Action of Trustees.**

- a. The Trustees shall, subject to the requirement of the law, be the sole judges of the standard of proof required in any case and the application and interpretation of any of the provisions of this Plan, and the decisions of the Trustees shall be final and binding.
- b. Whenever in the Plan the Trustees are given discretionary powers, the Trustees shall exercise such powers in a uniform and non-discriminatory manner.
- c. All questions or controversies of whatsoever character arising in any manner or between any parties or persons in connection with this Plan or its operation, whether as to any claim for benefits, as to the construction of language of this Plan or any rules and regulations adopted by the Trustees, or as to any writing, decision, instrument or account in connection with the operation of the Plan or otherwise,

shall be submitted to the Board of Trustees for decision. In the event a claim for benefits has been denied, no lawsuit or other action against the Fund or its Trustees may be filed until the matter has been submitted for review under the review procedure required by ERISA. The decision on review shall be binding upon all persons dealing with the Plan or claiming any benefit hereunder, except to the extent that such decision may be determined to be arbitrary or capricious by a court or arbitrator having jurisdiction over such matter.

**Section 5.5. Benefit Payments Generally.**

- a. Except as provided in Subsection (c) below, or in Article A-IV relating to surviving Spouse benefits and the purchase of annuities, benefits shall be payable as soon as practicable after the claimant has fulfilled all the conditions for entitlement, including the requirement for filing an application with the Trustees. The filing of an application for benefits shall constitute consent by the Participant to the payment of benefits and, beginning on October 1, 1987, if the Participant is married, the filing of the Spouse's written consent to waive the 50% Husband-and-Wife Annuity or the Annuity or the Preretirement Surviving Spouse Benefit shall constitute the Spouse's consent to the payment.
- b. Notwithstanding the above, payments from a Participant's account shall commence by no later than the later of:
  1. April 1 following the calendar year in which the Participant reaches age 70-1/2, regardless of whether the Employee remains in Covered Employment;
  2. April 1 following the calendar year in which the Participant retires; or
  3. as soon as practicable after the Trustees are able to locate the Participant, his heirs or his legal representative.
- c. Notwithstanding any other provision of this Plan:
  1. If the value of the Participant's accrued benefit or a Preretirement Surviving Spouse Benefit payable under the Plan is \$3,500 or less as of the Annuity Starting Date, the Trustees shall pay it out in a single sum. This subsection shall not apply after payment of the Participant's benefit has begun unless the Participant or Beneficiary consents in writing to the single-sum distribution.
  2. In any event, if the value of a married Participant's Individual Account balance is more than \$3,500, the Trustees shall not immediately distribute the present value of the Individual

Account balance (within the meaning of Sections 206(g) or ERISA and 417(e) of the Internal Revenue Code) without the written consent of the Participant and his Spouse. For this purpose, the Spouse's written consent shall be valid only if it meets the requirements of Section 4.8 relating to surviving Spouse benefits.

- d. Notwithstanding any other provision in the Plan, payment of Death Benefits will commence within a reasonable time after receiving the death certificate.
  1. If the Death Benefit is being paid to a designated Beneficiary other than the Participant's Spouse, payments shall either:
    - i. be completed by December 31 of the fifth calendar year following the year of the Participant's death, or
    - ii. commence no later than the end of the year following the Participant's death and be paid out over a period no greater than the designated Beneficiary's life or life expectancy, as determined under Table V of Section 1.72-9 of the Treasury Regulations as of the date the payments commence, except that payments can continue until the end of the fifth calendar year following the year of the Participant's death if longer.
  2. If there is no designated Beneficiary, payment of Death Benefits shall be completed by no later than December 31 of the fifth calendar year following the year of the Participant's death.
  3. If the designated Beneficiary is the Participant's Spouse, Death Benefit payments shall commence no later than December 31 of the year the Participant would have attained age 70-1/2 paid over the life or life expectancy of the Spouse, as determined under Table V of Section 1.72-9 of the Treasury Regulations as of the date the payments commence, and benefits shall be actuarially increased for the delay.

**Section 5.6. Designation of Beneficiary.**

A Participant without a Spouse or a Participant and Spouse who have filed a valid waiver of the 50% Husband-and-Wife Annuity in accordance with Section 4.8 may designate a Beneficiary or Beneficiaries to receive any Death Benefit by forwarding such designation to the Fund Office in a form acceptable to the Board of Trustees. Such Participant shall have the right to change the designation of Beneficiary without the consent of the Beneficiary, except written consent of the Spouse, if any, is required. No change shall be effective or binding on the Trustees unless it is received by the Fund Office



prior to the time any payments are made to the Beneficiary whose designation is on file with the Fund Office.

**Section 5.7. No Beneficiary Living.**

- a. If a Participant or Annuitant dies without a valid Beneficiary designation, any Death Benefit provided shall be payable to the surviving Spouse, or if none, equally to the dependent children of said eligible Participant or Annuitant. If no Spouse or dependent children shall survive the eligible Participant or Annuitant, the Death Benefit shall be payable equally to any surviving non-dependent children. If no Spouse, no dependent children and no non-dependent children shall survive the eligible Participant or Annuitant, then the Death Benefit shall be payable in equal shares to the surviving parent or parents of said Participant or Annuitant.
- b. If there is no a designated Beneficiary to receive one or more payments payable to a Beneficiary, the single sum value of such payments shall be payable to the estate of the last to die of the Annuitant or his Beneficiary.

**Section 5.8. Upon Separation.**

In the event that no contributions have been made to an Individual Account for a period of 60 consecutive months and no application for payment of the Accumulated Share has been made by the end of that period and the Trustees have been unable, with due diligence, to locate the Employee for whom such Individual Account was established, or his Beneficiary if the Employee is known to be deceased, by the end of that period then such Accumulated Share shall be applied to the expenses of the Fund provided that if the Employee or his Beneficiary thereafter filed an application and is entitled to payment of the Accumulated Share, such payment shall be made.

**Section 5.9. Non-Assignment of Benefits.**

- a. Each person who is, or who may become, entitled to benefits under the Annuity Plan is hereby restrained from selling, transferring, anticipating, assigning, hypothecating or otherwise disposing of his benefit, prospective benefit or any other rights or interest under the Plan, and the Board of Trustees shall not recognize, or be required to recognize, any such sale, transfer, anticipation, assignment, hypothecation or other disposition. Any such benefit, prospective benefit, right or interest shall not be subject in any manner to voluntary transfer or transfer by operation of law or otherwise, and shall be exempt from the claims of creditors or other claimants and from all orders, decrees, garnishments, executions or other legal or equitable process or proceedings to the fullest extent permissible by law.
- b. Notwithstanding any of the foregoing, benefits shall be paid in accordance with applicable requirements of any "qualified domestic rela-

tions order" as defined by Sections 206(d)(3) of ERISA and 414(p) of the Internal Revenue Code.

**Section 5.10. No Right to Assets.**

No person other than the Trustees of the Annuity Fund shall have any right, title or interest in any of the income or property of any funds received of, held by or for the account of the Annuity Fund, and no person shall have any right to benefits provided by the Annuity Plan except as expressly provided herein.

**Section 5.11. Maximum Benefits.**

- a. Notwithstanding any other provisions of the Plan, the total Employer contributions allocable to any Participant's account for a plan year shall not exceed \$30,000 (or such amount as provided for under Section 415 (d) of the Internal Revenue Code) or, if lower, 25% of the Participant's compensation for that year.
- b. The limitations in this article shall be applied as if all Employers were a single Employer, without distinguishing among them as to the source of a Participant's benefits, contributions, earnings or service.
- c. "Compensation" means all earnings and other taxable compensation received for a year from any Employer, or from any company in an Employer's controlled group or affiliated service group within the meaning of sections 414(b), (c) or (m) of the Internal Revenue Code.
- d. Protection of Prior Benefits.  
For any year before 1986 the limitations prescribed by Section 415 of the Internal Revenue Code as in effect before enactment of the Tax Equity and Fiscal Responsibility Act of 1982 shall apply.

**Section 5.12. Amendment.**

The Plan may be amended at any time by the Trustees, consistent with the provisions of the Trust Agreement. However, no amendment or modification may reduce any benefits which have been approved for payment prior to amendment, so long as funds are available for payment of such benefits, nor may any amendment or modification reduce the Employee's Individual Account other than for losses in the Trust.

**Section 5.13. Termination.**

- a. In the event of termination or partial termination of the Plan, or in the event of complete discontinuance of contributions, each Employee shall have nonforfeitable rights, and the assets then remaining after providing for the expenses of the Plan and for the payment of any Accumulated Share theretofore approved shall be distributed among the Employees. Each Employee shall receive that part of the total remaining assets in the same ratio as his Accumulated Share to the aggregate amount of the Accumulated Share of all Employees. No

part of the assets shall be returned to any Employer or inure to the benefit of any Employer or the Union. In the event that an Employee cannot be located and no claim is made for him for payment of his Accumulated Share within six (6) months following the sending of his notice by registered mail to the Employee's last known address, his Accumulated Share shall be forfeited and redistributed on a uniform basis among the Employees to whom payments have or can be made.

- b. In the event the liquidation value of the assets on the date of termination is less than the total of all Accumulated Shares plus expenses, the Trustees shall have the option of paying all Accumulated Shares to Employees over a period not to exceed ten years to the extent permitted by the assets available.

**Section 5.14. Unauthorized Representations.**

The Fund shall not be bound by the representations of any person, other than the Trustees or those specifically designated by them, regarding participation in and eligibility for benefits under the Plan, status of Employers and Employees, or any other matter relating to the Annuity Plan or Fund.

**Section 5.15. Mergers.**

In the case of any merger or consolidation with, or transfer of assets or liabilities to, any other plan, each Employee shall receive a benefit immediately after the merger, consolidation or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation or transfer.

**Section 5.16. Appeals Procedure.**

Any dispute or disagreement between an applicant or Beneficiary and the Trustees as to the proper interpretation or application of the terms and conditions of the Plan shall be subject to the following appeal procedure:

- a. The applicant shall file a written appeal with the Trustees within one hundred eighty (180) days after the date of the initial decision of the Trustees. The appeal shall set forth the grounds relied upon by the applicant, as well as any facts which have not been considered by the Trustees.
- b. The Trustees shall consider the applicant's appeal as soon as practicable, and may refer the matter for advice to legal counsel, and/or the Plan Administrator, and/or the consultant, and/or to such other parties as they deem appropriate. The Trustees shall promptly notify the applicant of its final decision in writing by mailing a copy to the applicant's last known address.

**Section 5.17. Effective Date.**

The Plan first became effective as of March 1, 1981 and is subject to amendment by the Trustees from time to time.

**Section 5.18. Rollovers.**

a. This section applies to distributions made on or after October 1, 1993. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this section, a distributee may elect, at the time and in the manner prescribed by the plan administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

b. **Definitions.**

1. **Eligible rollover distribution.** An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated Beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Internal Revenue Code; and the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities).
2. **Eligible retirement plan.** An eligible retirement plan is an individual retirement account described in Section 408(a) of the Internal Revenue Code, an individual retirement annuity described in Section 408(b) of the Internal Revenue Code, an annuity plan described in Section 403(a) of the Internal Revenue Code, or a qualified trust described in Section 401(a) of the Internal Revenue Code, that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving Spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity.
3. **Distributee.** A distributee includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving Spouse and the Employee's former Spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Internal Revenue Code, are distributees with regard to the interest of the Spouse or former Spouse.
4. **Direct rollover.** A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

## ARTICLE A-VI TOP HEAVY PROVISIONS

### Section 6.1. Definitions.

For purposes of this Article A-VI, the following words and phrases shall have the meaning stated below unless a different meaning is clearly required by the context:

a. Key Employee

"Key Employee" means an employee or former employee (and the beneficiaries of such employee) meeting the definition of "key employee" contained in Section 416(i)(1) of the Internal Revenue Code and Section 1.416-1 of the Treasury Regulations.

b. Non-Key Employee

"Non-Key Employee" means any Employee who is not a Key Employee.

c. Annual Compensation

1. "Annual Compensation" means compensation as defined in Section 415(c)(3) of the Internal Revenue Code and Section 1.415-2(d) of the Treasury Regulations. Annual Compensation also includes amounts contributed by the Employer pursuant to a salary reduction agreement which are excludable from an Employee's gross income under Sections 125, 401(a)(8), 402(h), or 403(b) of the Internal Revenue Code.

2. For Plan Years beginning on or after October 1, 1989 and before October 1, 1994, the amount of a Participant's Annual Compensation that may be taken into account for any plan purpose shall not exceed \$200,000, as that amount may be adjusted from time to time by the Secretary of the Treasury under Section 401(a)(17) of the Internal Revenue Code.

3. For Plan Years beginning on or after October 1, 1994, the amount of a Participant's Annual Compensation that may be taken into account for any Plan purpose shall not exceed \$150,000, as that amount may be adjusted from time to time by Secretary of the Treasury under Section 401(a)(17) of the Internal Revenue Code.

d. Determination Date

"Determination Date" means, with respect to any Plan Credit Year, the last day of the preceding Plan Year, or in the case of the first Plan Year of any Plan, the last day of such Plan Year.

**Section 6.2. Top Heavy Plan Requirements.**

Effective January 1, 1984, for any Top Heavy Plan Year, the Plan shall provide the following:

- a. Special vesting requirements of Section 416(b) of the Internal Revenue Code pursuant to Section 6.4.
- b. Special minimum benefit requirements of Section 416(c) of the Internal Revenue Code pursuant to Section 6.5.

**Section 6.3. Determination of Top Heavy Status.**

a. This Plan shall be a Top Heavy Plan for any Plan Year commencing after December 31, 1983, in which, as of the Determination Date,

1. the present value of accrued benefits of Key Employees, and
2. the sum of the aggregate accounts of Key Employees under this Plan and all plans of an Aggregation Group exceeds sixty percent (60%) of the present value of accrued benefits and the aggregate accounts of all Key Employees and Non-Key Employees under this Plan and all plans of an Aggregation Group.

If any Participant is a Non-Key Employee for a Plan Year, but such Participant was a Key Employee for any prior Plan Year, such Participant's present value of accrued benefits and/or aggregate account balance shall not be taken into account for purposes of determining whether this Plan is a Top Heavy or Super Top Heavy Plan (or whether any Aggregation Group which includes this Plan is a Top Heavy Group). In addition, for Plan Years beginning after December 31, 1984, if a Participant or former Participant has not received any Annual Compensation from any Employer maintaining the Plan (other than benefits under the Plan) at any time during the five-year period ending on the Determination Date, the aggregate account and/or present value of accrued benefit for such Participant or former Participant shall not be taken into account for the purposes of determining whether this Plan is a Top Heavy Plan or Super Top Heavy Plan.

b. This Plan shall be a "Super Top Heavy Plan" for any Plan Year commencing after December 31, 1983, in which, as of the Determination Date:

1. the present value of accrued benefits of Key Employees and
2. the sum of the aggregate accounts of Key Employees under this Plan and all plans of an Aggregation Group exceeds ninety percent (90%) of the present value of accrued benefits and the aggre-

gate accounts of all Key Employees and Non-Key Employees under this Plan and all plans of an Aggregation Group.

- c. A Participant's aggregate account as of the Determination Date shall be determined under applicable provisions of the defined contribution plan used in determining Top Heavy Plan status.
- d. "Aggregation Group" means either a Required Aggregation Group or a Permissive Aggregation Group as hereinafter determined.
  1. In determining a Required Aggregation Group hereunder, each plan of an Employer in which a Key Employee is a Participant, and each other plan of an Employer which enables any plan in which an Employee participates to meet the requirements of Sections 401(a)(4) and 410 of the Internal Revenue Code, will be required to be aggregated. Such group shall be known as a "Required Aggregation Group."

In the case of a Required Aggregation Group, each plan in the group will be considered a Top Heavy Plan if the Required Aggregation Group is a Top Heavy Plan. No plan in the Required Aggregation Group is a Top Heavy Plan if the Required Aggregation Group is not a Top Heavy Plan.
  2. An Employer may also include any other plan not required to be included in the Required Aggregation Group, provided the resulting group, taken as a whole, would continue to satisfy the provisions of Sections 401(a)(4) and 410 of the Internal Revenue Code. Such group shall be known as a "Permissive Aggregation Group."

In the case of a Permissive Aggregation Group, only a plan that is part of the Required Aggregation Group will be considered a Top Heavy Plan if the Permissive Aggregation Group is a Top Heavy Plan. No plan in the Permissive Aggregation Group will be considered a Top Heavy Plan if the Permissive Aggregation Group is not a Top Heavy Plan.
  3. Only those plans of an Employer in which the Determination Dates fall within the same calendar year shall be aggregated in order to determine whether such plans are Top Heavy Plans.
- e. In the case of a defined benefit plan, a Participant's present value of accrued benefits shall be determined:
  1. as of the most recent actuarial valuation date which is the most recent valuation date within a twelve-month period ending on the Determination Date,
  2. for the first Plan Year, as if:

- i. the Participant terminated service as of the Determination Date; or
    - ii. the Participant terminated service as of the actuarial valuation date, but taking into account the estimated present value of accrued benefits as of the Determination Date.
  3. for any other Plan Year, as if the Participant terminated service as of the actuarial valuation date,
  4. the actuarial valuation date must be the same date used for computing the defined benefit plan minimum funding costs, regardless of whether a valuation is performed in the Plan Year.
- f. The calculation of a Participant's present value of accrued benefit as of a Determination Date shall be the sum of the following:
  1. the present value of accrued benefit using actuarial assumptions stated in the most recent actuarial valuation, and
  2. any Plan distributions made within the Plan Year that includes the Determination Date or within four preceding Plan Years. However, in the case of distributions made after the valuation date and prior to the Determination Date, such distributions are not included as distributions for Top Heavy purposes to the extent that such distributions are already included in the Participant's present value of accrued benefit as of the valuation date.

Notwithstanding anything herein to the contrary, all distributions, including distributions made prior to January 1, 1984, and distributions under a terminated plan which if it had not been terminated would have been required to be included in an Aggregation Group, will be counted.
  3. Any Employee contributions, whether voluntary or mandatory. However, amounts attributable to tax deductible Qualified Voluntary Employee Contributions shall not be considered to be a part of the Participant's present value of accrued benefits.
  4. With respect to unrelated rollovers and plan-to-plan transfers (ones which are both initiated by the Employee and made from a plan maintained by one Employer to a plan maintained by another Employer), if this Plan provides for rollovers or plan-to-plan transfers, it shall always consider such rollover or plan-to-plan transfers as a distribution for purposes of this section. If this Plan is the plan accepting such rollovers or plan-to-plan transfers, it shall not consider such rollovers or plan-to-plan transfers accepted after December 31, 1983, as part of the



Participant's present value of accrued benefits. However, rollovers or plan-to-plan transfers accepted prior to January 1, 1984, shall be considered as part of the Participant's present value of accrued benefits.

5. With respect to related rollovers and plan-to-plan transfers (ones either not initiated by the Employee or made to a plan maintained by the same Employer), if this Plan provides the rollover or plan-to-plan transfer, it shall not be counted as a distribution for purposes of this section. If this Plan is the plan accepting such rollover or plan-to-plan transfer, it shall consider such rollover or plan-to-plan transfer as part of the Participant's present value of accrued benefits, irrespective of the date on which such rollover or plan-to-plan transfer is accepted.
- g. "Top Heavy Group" means an Aggregation Group in which, as of the Determination Date, the sum of:
  1. the present value of accrued benefits of Key Employees under all defined benefit plans included in the group, and
  2. the aggregate accounts of Key Employees under all defined contribution plans included in the group exceeds sixty percent (60%) of a similar sum determined for all Participants.
- h. Notwithstanding anything herein to the contrary, the effective date otherwise provided for herein for the application of Section 416 of the Internal Revenue Code to this Plan (Plan Years after December 31, 1983) shall be extended in accordance with any federal law or regulatory authority.

**Section 6.4. Top Heavy Vesting.**

Notwithstanding the determination of Vested Status in accordance with Section 2.2 of the Plan for any Top Heavy Plan Year, amounts properly credited to Participant's Individual Account in accordance with this Plan shall be 100% vested and nonforfeitable.

**Section 6.5. Top-Heavy Benefit Requirements.**

- a. The maximum accrued benefit derived from Employer contributions to be provided under the section for each Non-Key Employee who is a Participant and is not separated from service at the end of the Plan Year shall equal three percent (3%) of compensation for the Top Heavy year.
- b. For purposes of providing the minimum benefit under Section 416 of the Internal Revenue Code, a Non-Key Employee who is not a Participant solely because:

1. his Annual Compensation is below a stated amount, or
  2. he declined to make mandatory contributions to the Plan will be considered to be a Participant.
- c. For purposes of this section, Years of Vesting Service for any Plan Year ending prior to January 1, 1984, or for any Plan Year during which the Plan was not a Top Heavy Plan shall be disregarded.
  - d. For purposes of this section, Annual Compensation for any "limitation year" ending prior to January 1, 1984, or subsequent to the last "limitation year" during which the Plan is a Top Heavy Plan shall be disregarded. The term "limitation year" means the Plan Year.
  - e. For purposes of this section, Annual Compensation shall have the meaning set forth in Section 6.1(c).
  - f. If the Plan provides for the normal retirement benefit to be paid in a form other than a single life annuity, the accrued benefit under this section shall be the Actuarial Equivalent of the minimum accrued benefit under Subsection (a) above.
  - g. If a Non-Key Employee participates in this Plan and a defined contribution plan included in a Required Aggregation Group which is top heavy, the minimum benefits shall be provided under this Plan.
  - h. To the extent required to be nonforfeitable under Section 2.6 of the Plan the minimum accrued benefit under this section may not be forfeited under Sections 411(a)(3)(B) or 411(a)(3)(D) of the Internal Revenue Code.

## **ARTICLE A-VII NON-BARGAINED EMPLOYEES**

### **Section 7.1 Employer.**

- a. For purposes of identifying Highly Compensated Employees and applying the rules on participation, vesting and statutory limits on benefits under the Fund for such employees, but not for determining covered service, the term "Employer" includes all members of an affiliated service group with the Employer within the meaning of Section 414(m) of the Internal Revenue Code and all other businesses aggregated with the Employer under Section 414(o) of the Internal Revenue Code.
- b. For this purpose, an "Employer" also includes all corporations, trades or businesses under common control with the Employer within the meaning of Sections 414(b) and (c) of the Internal Revenue Code.
- c. For all other purposes, the term "Employer" shall have the meaning stated at Section 1.6.

### **Section 7.2. Non-Bargained Employee.**

"Non-Bargained Employee" means a person who is employed by an Employer and who is not covered by a Collective Bargaining Agreement, but is covered by another written agreement requiring Employer contributions on his behalf.

### **Section 7.3. Highly Compensated Employee.**

- a. The term "Highly Compensated Employee" includes highly compensated active employees and highly compensated former employees of an Employer. Whether an individual is a highly compensated employee is determined separately with respect to each Employer, based solely on that individual's compensation form or status with respect to that Employer.
- b. A highly compensated active employee is an employee of the Employer who performs service for the Employer during the determination year and who during the look-back year:
  1. received compensation from the Employer in excess of \$75,000 (as adjusted under Section 414(q) of the Internal Revenue Code);
  2. received compensation from the Employer in excess of \$50,000 (as adjusted under Section 414(q) of the Internal Revenue Code) and was a member of the top-paid group for that year, or

3. was an officer of the Employer and received compensation from the Employer in an amount greater than 50% of the dollar limitation in effect for that year under Section 415(b)(1)(A) of the Internal Revenue Code; or
  4. meets one of the criteria listed in Subsection (a), above, for the determination year and is one of the 100 employees who received the most compensation from the Employer during the determination year, or
  5. is a 5% owner at any time during the look-back year or the determination year.
- c. If no officer received compensation in the determination year or look-back year at the level described in Subsection (b)(3), above, the officer who received the highest pay in that year shall be treated as a Highly Compensated Employee.
  - d. A highly compensated former employee is an employee who separated from service, or was deemed to have separated, before the determination year, performs no service for the Employer during the determination year, and was a highly compensated employee either for the separation year or for any determination year ending on or after the individual reaches age 55.
  - e. The "determination year" is the plan year for which the test is being applied, and the look-back year is the 12-month period immediately preceding that plan year.
  - f. An Employer may elect to make the look-back year calculation for a determination year on the basis of the calendar year ending with or within the applicable determination year, in accordance with Treasury regulation 1.414(q)-1T.
  - g. If an employee is, during a determination year or look-back year, a family member of a Highly Compensated Employee who is either a 5% owner or one of the 10 most highly paid employees of the Employer during that year, then the family member and the highly compensated employee will, to the extent required by specific provisions of the Internal Revenue Code, be treated as a single aggregated individual receiving compensation and benefits equal to the sum of the compensation and benefits of the persons aggregated. For this purpose, someone is a family member of a Highly Compensated Employee if he or she is that person's spouse, lineal ascendant or descendant. In applying specific provisions of the Internal Revenue Code, the definition of "family member" may be more limited, as set forth in those provisions.

- h. The determination of who is a Highly Compensated Employee, including the determinations of the number and identity of employees in the top-paid group, the top 100 employees, the number of employees treated as officers and the compensation that is considered, will be made in accordance with Section 414(q) of the Internal Revenue Code and the regulations thereunder.

**Section 7.4. Vesting for Non-Bargained Employees.**

Effective October 1, 1989, amounts properly credited to a Non-Bargained Employee's Individual Account in accordance with the terms of this Plan shall be 100% vested and nonforfeitable.

**Section 7.5. Nondiscrimination, Coverage, and Participation.**

Effective October 1, 1989 participation in the Plan by Non-Bargained Employees shall be in compliance with Section 401(a)(4) (nondiscrimination rules), 410(b) (coverage rules), and 401(a)(26) (minimum participation rules) of the Internal Revenue Code.

## UPDATE

### Central Laborers' Annuity Fund Summary Plan Description, Revised and Effective July 1, 1995

Pursuant to the authority granted to the Trustees by Section 12 of Article A-V of the Central Laborers' Annuity Plan Rules and Regulations, the Plan Rules and Regulations are hereby amended effective October 1, 1995, by:

1. Adding a Subsection (d) to Section 4.2 as follows:
  - d. Effective October 1, 1995, and after in the event of a financial hardship which makes a distribution necessary in light of a Participant's immediate and heavy financial need, a Participant may apply for an in-service withdrawal of a portion of his/her Individual Account. Such in-service withdrawal shall be limited as follows:
    1. a Participant shall be limited to two in-service withdrawal(s) during his/her lifetime;
    2. the Minimum amount which may be withdrawn is \$1,000;
    3. the maximum amount which may be withdrawn shall be limited to that portion of the Individual Account attributable to Employer contributions paid to the Fund on a Participant's behalf based on hours worked during the period beginning October 1, 1987 and ending not less than twenty-four months prior to the date of the withdrawal. Such withdrawal shall be further limited so as not to exceed 50% of the amount in the Participant's Individual Account as of the Valuation Date most recently preceding the date of withdrawal.

4. Notwithstanding the foregoing, a Participant shall have the ability to withdraw that portion of the Individual Account attributable to Employer contributions paid to the Fund on a Participant's behalf since October 1, 1987, including contributions for hours worked during the twenty-four month period prior to the date of the withdrawal if hardship requirements set forth below are enforced by the Plan.

For purposes hereof, a hardship shall only qualify as a demonstrable financial hardship if the withdrawal is needed:

- A. to pay medical expenses described in Section 213(d) of the Code that are incurred by the Participant, his/her spouse, or dependent children;
- B. to purchase (excluding mortgage payments) the principal residence of the Participant;
- C. to pay tuition for post-secondary education for the Participant, his/her spouse or dependent children; or
- D. to prevent the eviction of the Participant from his/her principal residence or foreclosure on the mortgage of the Participant's principal residence.

# ANNUITY UPDATE

## Central Laborers' Annuity Plan Provides 6.2% Rate of Return

Annuity statements were mailed to all Central Laborers' Annuity Fund participants for the six month valuation period ended March 31, 2004. The Trustees are pleased to announce that the Annuity Fund has experienced an impressive 3.059% semiannual rate of return (which is a 6.2% effective annual yield). The administrative expense was \$17.62 per account. There are currently 9,600 individuals with Central Laborers' Annuity Fund account balances totaling \$102,914,034.

Please review your statement closely to confirm that all hours worked and contributions reported from October 1, 2003 to March 31, 2004 have been credited to your account. If you find that an employer you worked for has not contributed to the Fund on your behalf, please call the Fund's Delinquency Department at 1-800-252-6571, extension 8, to begin the collection process.

If you did not receive your statement in the mail or have questions regarding your statement, please call the Fund Office at 1-800-252-6571, extension 160, and the Annuity Department can assist with your questions. Remember, you can also log on to the Fund's website 24/7, 365 days a year to view all of your Central Laborers' accounts at [www.central-laborers.com](http://www.central-laborers.com) (NETime Benefits link).

### Annuity Plan Changes

#### *New Withdrawal Requirements*

Currently, you are eligible to receive a benefit from the Annuity Plan if contributions have not been paid to the Annuity Fund on your behalf during an eight-consecutive month period. Effective **October 1, 2004**, you are eligible to receive that portion of your Annuity Plan account balance earned on and after October 1, 2004, if you are not working in a similar craft in the geographic jurisdiction of the Union for at least 12-consecutive months.

#### *New Qualified Domestic Relations Orders (QDROs) Fees*

If you divorce (before or after retirement), you may be subject to a Qualified Domestic Relations Order (QDRO). This means that a court has determined that your spouse is eligible to receive a portion of your Annuity Plan benefit. The Fund incurs outside legal and/or actuarial costs to review and comply with the terms of each QDRO. Effective **October 1, 2004**, these outside costs associated with QDROs will be deducted, on an equal basis, from both your and your former spouse's individual account balances, unless specified otherwise by the terms of the QDRO.

#### *Alternate Payees' Hardship Withdrawal*

An alternate payee may be your former spouse (or other alternate payee) who, in accordance with a Qualified Domestic Relations Order (QDRO), has a right to a portion of your Annuity Fund individual account. In certain circumstances, you and your former spouse may be eligible to withdraw a portion of your Annuity Plan account if you or your former spouse face a financial hardship, in accordance with the Annuity Plan Rules and Regulations.

Currently, the Annuity Plan allows you to receive up two hardship withdrawals in your lifetime. **Effective October 1, 2004**, this lifetime two-hardship withdrawal limit also applies to alternate payees.



# ANNUITY PLAN UPDATE:

## Third Hardship Distribution Now Available

Although the Central Laborers' Annuity Plan is designed to help you increase your retirement income, it also gives you access to the money in your Individual Account before retirement in the event you experience a financial hardship (as defined below). Previously, you were permitted two in-service withdrawals during your lifetime. However, the Central Laborers' Annuity Fund's Board of Trustees amended the Plan as of September 1, 2008, so that you may receive up to three lifetime hardship withdrawals from the Plan. If a portion of your Individual Account has been awarded to an Alternate Payee, this lifetime three hardship withdrawal limit also applies to the Alternate Payee's portion.

The Plan limits the dollar amount of hardship withdrawals that you can take, with the minimum withdrawal amount set at \$1,000. The maximum withdrawal cannot exceed the portion of your account balance attributable to Employer contributions for your hours worked during the period beginning October 1, 1987, and ending not less than 24 months before the date of your withdrawal.

In addition, please note that the maximum withdrawal amount will vary based on how many withdrawals you have taken. For example, your first and second withdrawals cannot exceed 50% of the amount in your Individual Account as of the most recent valuation date prior to the withdrawal. The third withdrawal cannot exceed 95% of your Individual Account balance as of the most recent valuation date before the withdrawal. As a reminder, the Fund's valuation dates are March 31 and September 30 of each year.

Keep in mind that you may make a hardship withdrawal *only* if you are facing an immediate and heavy financial need in any of the following situations and provide supporting documentation as proof of hardship:

- To pay medical expenses (described in Section 213(d) of the Internal Revenue Code) that you, your spouse or your dependent children have incurred;
- To purchase your principal residence (excluding mortgage payments);
- To pay tuition for post-secondary education for you, your spouse or your dependent children;
- To prevent eviction from your principal residence; or
- To prevent foreclosure on the mortgage of your principal residence.

Under federal law, your hardship distribution is taxable as ordinary income, and the Fund Office is required to withhold 20% federal income tax from hardship distribution payments. If you are under age 59½, you may also need to pay a 10% federal income tax penalty on early distribution. Please contact the Fund Office with any questions about your Annuity Plan benefits or go online to the Fund's website: [www.central-laborers.com](http://www.central-laborers.com).

# Central Laborers' Annuity Plan Amendment

Participants' individual account balances are valued twice each year. A recent amendment to the Annuity Plan further explains how the semiannual investment yield will be applied to determine a participant's individual account updated account value when the participant has received any type of distribution (including monthly or non-monthly installments, lump sum payments, and/or hardship distributions) during the six-months preceding the valuation date. Beginning with the valuation as of September 30, 2009, the semiannual investment yield will be applied to the balance of the participant's account (as determined by the preceding semiannual valuation) only after the balance is reduced by the amount of any distributions made to the participant from his/her account during the current six-month valuation period and by any other account adjustments provided for under the Plan.

Participants are encouraged to contact the Fund Office with any questions.

*This announcement highlights certain general Annuity Plan information. Full details of the Plan are contained in the documents that establish the Plan provisions. If there is a discrepancy between this announcement and the documents that establish the Plan, the document language will govern. The Trustees reserve the right to amend, modify, or terminate the Plan at any time.*

## Annuity Investment Update

The September 30, 2008 fiscal year end for the Central Laborers' Annuity Fund came during a period of time when the U.S. stock and bond markets were facing increasingly strong headwinds. As our country now faces recession, increasing unemployment, and overall worried sentiment about the state of the consumer and the economy, please be assured that the Funds' investment professionals are doing everything possible to ensure your money is there when you need it.

For FYE 2008, the Annuity Fund returned -1.0%. This was the first negative year in the Fund's history and a disappointment:



Although the Annuity Fund has had a low exposure to the equity markets (only 15%), the magnitude of the decline in the stock market was so significant that it affected total fund performance for the year. The remaining 85% of the Fund is invested in income producing fixed income and real estate investments. The asset allocation of the Fund has been utilized to maintain the preservation of capital while marginally realizing gains from the stock market and having significantly less risk than that of the market. The Fund is 43% less risky than the bond market and 82% less risky than the stock market.

Long term, the Annuity Fund is extremely strong, producing a 5.6% ten-year annualized return. The Trustees believe the Fund is very well positioned to weather the storm that still persists in the markets today and recently acted to reposition the Fund's participation in equity investments to fixed income investments.

**Annuity Plan Update:**  
**Additional Basis for First, Second, and/or Third Hardship Distribution**

Although the Central Laborers' Annuity Plan is designed to help you increase your retirement income, it also gives you access to a portion of the money in your Individual Account before retirement in the event you experience a financial hardship (as shown below). The Central Laborers' Annuity Fund's Board of Trustees amended the Plan as of October 1, 2009, to include funeral expenses of the participant, participant's spouse, participant's parents or participant's dependent children as a basis of hardship.

The Plan limits the dollar amount of hardship withdrawals that you can receive, with the minimum withdrawal amount set at \$1,000. The maximum withdrawal cannot exceed the portion of your account balance attributable to Employer contributions for your hours worked during the period beginning October 1, 1987, and ending not less than 24 months before the date of your withdrawal. As reported in the Autumn 2008 issue of *Illinois Laborer*, participants may receive up to three lifetime hardship withdrawals from the Annuity Plan; the maximum withdrawal amount varies based on how many withdrawals you have taken. For example, your first and second withdrawals cannot exceed 50% of the amount in your Individual Account as of the most recent valuation date prior to the withdrawal. The third withdrawal cannot exceed 95% of your Individual Account balance as of the most recent valuation date before the withdrawal. As a reminder, the Fund's valuation dates are March 31 and September 30 of each year.

Keep in mind that you may make a hardship withdrawal only if you are facing an immediate and heavy financial need in any of the following situations and provide supporting documentation as proof of hardship:

- **To pay medical expenses (described in Section 213(d) of the Internal Revenue Code) that you, your spouse or your dependent children have incurred;**
- **To purchase your principal residence (excluding mortgage payments);**
- **To pay tuition for post-secondary education for you, your spouse, or your dependent children;**
- **To prevent eviction from your principal residence;**
- **To prevent foreclosure on the mortgage of your principal residence; or**
- **To pay funeral expenses of the participant, your spouse, your parent(s), or your dependent child(ren).**

Under federal law, your hardship distribution is taxable as ordinary income, and the Fund office is required to withhold 20% federal income tax from hardship distribution payments. If you are under age 59½, you may also need to pay a 10% federal income tax penalty on early distribution. Please contact the Fund office with any questions about your Annuity Plan benefits or go online to the Fund's website: [www.central-laborers.com](http://www.central-laborers.com).

*This announcement highlights certain general Annuity Plan information. Full details of the Plan are contained in the documents that establish the Plan provisions. If there is a discrepancy between this announcement and the documents that establish the Plan, the document language will govern. The Trustees reserve the right to amend, modify, or terminate the Plan at any time.*



## Central Laborers' Annuity Fund

P.O. Box 1267 • Jacksonville, Illinois 62651 • Phone 217/243-8521 • Fax 217/245-1293

<http://www.central-laborers.com>



### **Annuity Plan Update:** **Less Restrictive Separation Requirement**

The Central Laborers' Annuity Fund's Board of Trustees amended the Plan as of October 1, 2010, with regard to eligibility for distribution of a Participant's Individual Account due to separation from Covered Employment that is not related to the Participant's retirement, disability, military service, or death.

Prior to October 1, 2010, a Participant was considered eligible to receive that portion of his Individual Account balance consisting of the Annuity contributions made on and after October 1, 2004, and the investment yield attributable to those contributions, if (1) the Participant had not worked in Covered Employment requiring Employer Contributions on his behalf to the Central Laborers' Annuity Fund *or in a similar craft in the geographic jurisdiction of the Union*, for at least twelve consecutive months, (2) the Participant was not working in Covered Employment *or in a similar craft in the geographic jurisdiction of the Union* at the time application for and payment of the Individual Account was made, and (3) all other events, if any, had occurred which entitled the Participant to payment of his Accumulated Share.

As of October 1, 2010, a Participant will be considered eligible to receive that portion of his Individual Account balance consisting of Annuity contributions made on and after October 1, 2004, and the investment yield attributable to those contributions, if (1) the Participant has not worked in Covered Employment requiring Employer Contributions on his behalf to the Central Laborers' Annuity Fund for at least twelve consecutive months, (2) the Participant is not working in Covered Employment at the time application for and payment of the Individual Account is made, and (3) all other events, if any, have occurred which entitle the Participant to payment of his Accumulated Share.

The Annuity Fund's rules have not changed with respect to Annuity contributions made prior to October 1, 2004.

Please contact the Fund office with any questions about your Annuity Plan benefits or go online to the Fund's website: [www.central-laborers.com](http://www.central-laborers.com).

*This announcement highlights certain general Annuity Plan information. Full details of the Plan are contained in the documents that establish the Plan provisions. If there is a discrepancy between this announcement and the documents that establish the Plan, the document language will govern. The Trustees reserve the right to amend, modify, or terminate the Plan at any time.*

## CENTRAL LABORERS’ ANNUITY FUND PLAN MODIFICATIONS

### ***IMPORTANT INFORMATION THAT COULD AFFECT YOUR ANNUITY BENEFITS***

Some definitions related to spouse or spousal benefits under the Plan have changed. These changes are effective June 26, 2013, and not before that date.

#### **Definition of Spouse**

The definition of Spouse has been modified, effective June 26, 2013, to the following:

Your Spouse is the person to whom you are lawfully married under any state law or the law of a foreign jurisdiction, which includes same-sex marriages, even if you are living in a state that does not recognize same-sex marriages. The Plan does not recognize domestic partners, civil union partners, or any other such arrangement that does not constitute marriage.

#### **Change in Terms**

Based on the change to the definition of Spouse, the term “Husband and Wife Annuity” has been replaced by “Joint and Survivor Spousal Annuity” in the Plan.

#### **Conclusion**

See your Summary Plan Description (SPD) for additional information about the Plan. Share this announcement with your family and keep it with your SPD for easy reference.

If you have any questions about these changes or Plan provisions in general, please call the Fund Office.

*This announcement provides only highlights of recent changes to the Central Laborers’ Annuity Fund. Full details are contained in the documents that establish the Plan provisions. If there is a discrepancy between the wording here and the documents that establish the Plan, the Plan document language will govern. The Trustees reserve the right to amend, modify, or terminate the Plan at any time.*

SUMMARY OF MATERIAL MODIFICATIONS TO THE

CENTRAL LABORERS' ANNUITY FUND

**HARDSHIP DISTRIBUTIONS**

*IMPORTANT INFORMATION THAT COULD AFFECT YOUR ANNUITY BENEFITS*

This Summary of Material Modification (“SMM”) modifies some of the information contained in the Summary Plan Description (“SPD”) for the Central Laborers’ Annuity Fund (“Fund”). Please read this SMM carefully and keep it with your copy of the SPD. If you have any questions regarding the changes that are summarized below, please contact the Fund Office.

Although the Fund was created and is intended to provide retirement income, it can also give participants access to the money in their Individual Account before retirement in the event they experience an immediate and heavy financial hardship. This article discusses several important changes to the Fund’s hardship distribution rules.

Previously, participants were permitted to receive up to three (3) in-service hardship withdrawals from the Annuity Fund during their lifetime. The Fund’s Board of Trustees recently amended the Plan effective October 1, 2016, to allow participants (including Alternate Payees due to a Qualified Domestic Relations Order) to receive up to six (6) hardship withdrawals from the Fund during their lifetime. Note, if a participant has received the maximum three (3) in-service hardship withdrawals that were available prior to October 1, 2016, there will be three (3) additional opportunities for the participant to receive hardship distributions on and after October 1, 2016.

Prior to October 1, 2016, the amount of participants’ first and second hardship distributions could not exceed 50% of the amount in their Individual Account as of the most recent valuation date prior to the withdrawal. As of October 1, 2016, participants can receive up to 95% of their Individual Account balance as of the most recent valuation date prior to the withdrawal for any of the eligible hardship distributions on or after October 1, 2016. The Fund’s semiannual valuation dates are still March 31 and September 30 of each year. Also, as a reminder, the Fund’s minimum hardship withdrawal amount is still \$1,000.

Please note that the Fund’s Board of Trustees also amended the Plan’s hardship distribution rules to clarify that a hardship distribution for post-secondary education expenses for the participant, the participant’s spouse, or the participant’s dependent children shall each constitute one (1) hardship distribution for all years of post-secondary education. Essentially, this means that any additional hardship distributions for the same individual’s post-secondary education expenses will be considered a continuation of the original application that counts as one (1) hardship distribution for purposes of the lifetime limit of six (6) distributions. So for example, this means that a hardship distribution for four (4) years of post-secondary education expenses for a participant’s spouse and a hardship distribution for four (4) years of post-secondary education expenses for a participant’s dependent child shall constitute two (2) hardship distributions. Importantly, please note that hardship distributions for the repayment of student loans or to otherwise pay a financial obligation that has already been satisfied are not allowed by the Plan’s rules.

Also, please be aware that the Board of Trustees has amended the Annuity Plan to permit an additional basis for a hardship distribution. Effective October 1, 2016, expenses for the repair of damage to a participant’s principal residence that would qualify for a casualty deduction under the Internal Revenue Service’s description of a loss are now eligible for a hardship distribution. Casualty losses can result from a number of events such as fires, floods, earthquakes, vandalism, and storms, including tornadoes. The damage must be from an event that is sudden, unexpected, or unusual. Damages resulting from progressive deterioration of a participant’s principal residence due to normal wear and tear, normal weather conditions, or a pest infestation are *not* considered casualty losses.

As a reminder, please be aware that the hardship distribution for “medical expenses” may include premiums you need to maintain health insurance, including self-payments to maintain eligibility with the Central Laborers’ Welfare Fund.

In light of those changes, the following is a comprehensive list of the available hardship distribution options that will be permitted by the Plan’s rules on and after October 1, 2016:

- To pay medical expenses described in Section 213(d) of the Internal Revenue Code incurred by the participant, spouse, or dependent children;
- To purchase (excluding mortgage payments) the participant’s principal residence;
- To pay tuition, related educational fees, and room and board expenses, for up to the next twelve (12) months of post-secondary education for the participant, spouse, or dependent children;
- To prevent the eviction of the participant from their principal residence or the foreclosure on the mortgage of the participant’s principal residence;
- To pay the funeral expenses of the participant, spouse, the participant’s parent(s), or dependent children; and
- Expenses for the repair of damage to the participant’s principal residence that would qualify for the casualty deduction under Section 165 of the Internal Revenue Code (determined without regard to whether the loss exceeds 10% of the adjusted gross income.)



Please keep in mind that regulations promulgated by the Internal Revenue Service state that participants may receive a hardship distribution only if they are facing an immediate and heavy financial need that cannot be relieved by any other resource reasonably available to the participant. Accordingly, participants will be required to certify during the application process that their immediate and heavy financial need cannot be relieved through reimbursement or compensation by insurance, by reasonable liquidation of the participant's assets (or those of the participant's spouse or minor children) to the extent such a liquidation does not create a financial hardship, by the participant making other withdrawals or nontaxable loans from all plans in which the participant participates (other than the Central Laborers' Annuity Fund), and/or by borrowing from commercial sources on reasonable commercial terms. Additionally, please be aware that the Fund will continue to request supporting documentation during the application process to demonstrate proof of hardship. The type of proof needed to support your application is specified in the Fund's hardship application form and the attachments to the form.

Hardship withdrawals are subject to federal income tax and, if a participant is not at least 59½ years of age, an additional 10% federal income tax penalty may also apply due to early distribution. Before applying for a hardship distribution, participants are encouraged to consult with their tax or financial advisor regarding their situation and available options, including how a hardship distribution will affect their retirement goals.

A small number of non-bargained participants participate in the Annuity Fund by way of elective deferral and/or tax deferred savings contributions. These participants who apply for and are determined eligible to receive a hardship distribution will be limited to the tax deferred savings contributions or elective deferrals made to their account. As required by IRS regulations, earnings on the account are excluded from hardship distributions. These participants will also be prohibited from making elective deferral and/or tax deferred savings contributions for a period of six (6) months after the date the hardship distribution is received.

Please contact the Fund Office with any general questions about the Annuity Plan benefits (800-252-6571, extension 3) or visit the Fund's website: [www.central-laborers.com](http://www.central-laborers.com).

*This Summary of Material Modifications highlights certain general Annuity Plan information. Full details of the Plan are contained in the documents that establish the Plan provisions. If there is a discrepancy between this SMM and the documents that establish the Plan, the document language will govern. The Trustees reserve the right to amend, modify, or terminate the Plan at any time.*



## Central Laborers' Annuity Fund

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### **IMPORTANT NOTICE OF PLAN PROVISIONS SUMMARY OF MATERIAL MODIFICATIONS**

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October 2021

Dear Participant:

The Board of Trustees of the Central Laborers' Annuity Fund ("Fund") hereby notifies you of changes to the Fund's Plan. The changes are summarized below.

#### **Beneficiary & Death Benefit Changes**

Under current plan terms, death benefits are generally payable to an eligible participant's surviving spouse, or if the surviving spouse consents, then any death benefits may be payable to the participant's designated beneficiary. If a participant is not married, fails to designate a beneficiary, or if the designated beneficiary does not survive the participant, then death benefits are generally payable to the participant's widow/widower, dependent children, non-dependent children, parents, brothers/sisters, as applicable.

Effective January 1, 2022, the beneficiary designation and death benefit provisions of the Plan have been amended as follows:

- In accordance with federal law, a death benefit is generally payable to the participant's surviving spouse or the participant's designated beneficiary (if the participant's spouse consents in writing as required by the Plan).
- If a participant dies without a surviving spouse or, if applicable, the participant does not have a surviving/designated beneficiary, then any death benefits shall be payable directly to the participant's estate. Death benefits will no longer be payable in the order previously specified in the Plan without a beneficiary designation naming such persons (*i.e., death benefits will not be paid to dependent children, non-dependent children, parents, brothers/sisters, etc., as previously provided in the Plan unless such persons are named in a beneficiary designation*).
- If a participant gets divorced, then any prior beneficiary designation naming the participant's former spouse shall be null and void as of the date of the divorce. Note, however, if a former spouse is named as one of multiple beneficiaries, then the former spouse's share shall be apportioned among the other beneficiaries based on their designated percentages. If a participant seeks to retain a former spouse as a beneficiary, then the participant must complete a new beneficiary designation form naming the former spouse as a beneficiary after the divorce.



As a reminder, the last beneficiary designation form that was submitted to the Fund will determine the distribution of death benefits. No such form will be effective unless it is received by the Fund prior to the participant's death and in no event shall it be effective prior to such receipt. As a result, the Board of Trustees encourages participants to update beneficiary designations forms regularly to reflect life events. For your convenience, a copy of the Fund's beneficiary designation form is attached to this notice. The Fund's beneficiary designation form is also posted on the Fund's website, [www.central-laborers.com](http://www.central-laborers.com). To update a beneficiary designation, please complete the form and submit it to the Fund. **The Board of Trustees recommends that you review your last beneficiary designation form and update it to reflect your current wishes and circumstances.** You can view your current beneficiary designation online using the MemberXG portal, which can be accessed under the Web Services tab at the Fund's website.

For more information about this notice or the Plan in general, please contact, in writing, the Plan's Executive Director, Mr. Dan Koeppel, at P.O. Box 1267, Jacksonville, Illinois, 62651-1267.

Sincerely,

*Board of Trustees*

Central Laborers' Annuity Fund

This Notice constitutes a Summary of Material Modifications for the Central Laborers' Annuity Fund and is intended to highlight changes to the Central Laborers' Annuity Fund's Plan Documents. Full details are contained in the Plan Documents (which include the Summary Plan Description and Plan Document, and applicable amendments). If there is a discrepancy between the wording here and wording in the Plan Documents, the wording in the Plan Documents will govern. Please keep this Notice with your Summary Plan Description. Please contact the Fund Office if you have any questions.