

# INDIANA TEAMSTERS DEFINED CONTRIBUTION PLAN FAQ'S

## 1. WHAT IS A DEFINED CONTRIBUTION PLAN?

- The Defined Contribution Plan is a profit sharing retirement plan funded by pre-tax contributions from employers according to the terms of a collective bargaining agreement.
- Union employers contribute 100% of the contributions to the Plan, based on hours you work under the collective bargaining agreement. You may not contribute directly to the Plan.
- You are always 100% vested in the employer contributions made on your behalf.
- A separate account is maintained for each Participant. Accounts are invested as a pooled Fund according to investment policies determined and monitored by the Trustees. Your account will be increased (or decreased) as of the last day of each Plan Year (and any other dates determined by the Trustees) by your share of the Trust Fund's net earnings (or losses) for that Plan Year. The Plan Year currently ends as of March 31<sup>st</sup> each year.
- Defined Contribution Plan benefits are provided in lump sum distributions or direct rollovers and are separate from monthly pension benefits you may be entitled to under other Plans.
- Your Defined Contribution Plan account is NOT a vacation fund, a bank savings account or a 401k plan. Because it is intended to be a retirement fund, the IRS places restrictions on when your account balance can be withdrawn.
- You cannot receive loans or hardship distributions from our account.

## 2. WHEN AM I ELIGIBLE TO TAKE OUT MY DEFINED CONTRIBUTION PLAN ACCOUNT?

Your account can be paid to you (usually in a lump sum), or through a direct rollover to another qualifying plan, AFTER you meet the eligibility requirements of the Plan. In general, you become eligible to withdraw your retirement account from the Defined Contribution Plan in one of the following ways:

- Early Retirement – You attain the age of 55 and demonstrate a bona fide separation of employment.
- Normal Retirement – You attain the age of 65.
- Disability – You incur total and permanent disability and have received a letter from Social Security Disability stating that you have been awarded disability benefits.
- Termination – You have had no employer contributions made on your behalf to the Plan for a period of 36 consecutive months prior to application and continuing throughout the time between the date the application is submitted and the date the distribution occurs. If contributions are received at any time during the application review period

before your benefit is paid, you will not be eligible to receive a termination benefit distribution at that time.

### **3. WHAT OTHER WAYS CAN MY DEFINED CONTRIBUTION PLAN ACCOUNT BE PAID OUT?**

- Your Defined Contribution Plan benefit is payable to your Beneficiaries in the event of your death.
- Certain Defined Contribution Plan benefits may require a mandatory distribution under certain circumstances. The Fund office would notify you if your benefit account would require a mandatory distribution under the Plan rules. See [When Do I Have To Take Out My Defined Contribution Plan Account?](#) for information on mandatory distributions.
- Plan rules do not allow benefit distributions for any other reasons.

### **4. WHAT ARE MY PAYMENT OPTIONS WHEN I BECOME ELIGIBLE?**

You may receive your distribution in one of the following ways:

- Lump Sum – Your entire balance paid to you in one lump sum payment, subject to 20% mandatory federal income tax withholding.
- Partial Distribution – Part of your balance paid to you (must be over \$5,000), subject to mandatory 20% federal income tax withholding. Note: A partial distribution may only be taken once within a 12-month period.
- Direct Rollover\* - Your entire balance directly rolled over to a designated IRA or qualified plan.
- Partial Rollover\* - Part of your balance directly rolled over to a designated IRA or qualified plan (must be over \$5,000) with the remaining balance to be left in the Defined Contribution Plan account for future eligible withdrawal.
- Rollover/Lump Sum Split\* - Part of your balance paid to you in a lump sum, subject to 20% mandatory federal income tax withholding, and the remaining balance directly rolled over to a designated IRA or qualified plan.

\*The Fund requires a Letter of Acceptance from the receiving custodian for all direct rollovers. If you are considering making a rollover, please inform your financial advisor that a Letter of Acceptance will be needed.

### **5. WHEN DO I HAVE TO TAKE OUT MY DEFINED CONTRIBUTION PLAN ACCOUNT?**

- The Plan is required to distribute your entire retirement account to you by the time you reach age 72, regardless of whether you are currently working or if you are retired and did not take a full distribution of your retirement account. If you continue to work after age 72, the Fund will distribute your entire account balance annually. The Plan does not make Required Minimum Distributions (RMDs).

- The Plan is required to distribute accounts with balances under \$5000 that have received no contributions for at least 3 years.
- The Fund office will contact Participants before making mandatory distributions from their accounts.

## **6. HOW DO I APPLY FOR A BENEFIT DISTRIBUTION FROM MY ACCOUNT?**

When you become eligible under Plan rules (see When Am I Eligible To Take Out My Defined Contribution Plan Account?), you may apply for a distribution from your Defined Contribution Plan Account by submitting a completed Application for Benefit Distribution form, with additional documentation if required, to the Fund office.

- You may contact the Fund office to have an Application form mailed to you.
- You may download the fillable, printable PDF version of the Application for Benefits with Special Tax Notices regarding benefit distributions from this website.
- You **MUST** submit and **ORIGINAL, SIGNED AND NOTARIZED** Application by mail or in person. Applications submitted by fax or email cannot be used to process a benefit distribution.
- Note: If you are married, your **spouse's notarized signature** is also required on the Application.
- Please review the Special Tax Notices (see PDF version of the Application for Benefits form) before applying for your Defined Contribution Plan account.
- Contact the Fund office for further information about benefits distributions.

## **7. WHAT HAPPENS AFTER I APPLY FOR MY BENEFIT DISTRIBUTION?**

- The Fund office will not usually contact you before your payment date unless there is a question or an issue with your application that must be resolved. It generally takes 4 to 8 weeks (longer if you submit your application between February 25 and April 25) for you to receive your distribution payment, depending on when your Application is received by the Fund office.
- The Fund office will review your Application for Benefit Distribution for eligibility and proper completion. We will contact you if we have any questions about your Application.
- The Fund may request additional documentation (e.g., disability letter, death certificate, birth certificates, letters of acceptance, etc.) in support of certain benefit claims, which must be submitted to the Fund before the Application can be processed for benefit distribution.
- Disbursement of the distribution is in the form of a check and will generally take 3-10 business days after the application is accepted. The check will be mailed to the address accepted on the application.

8. **ARE TAXES WITHHELD FROM MY DEFINED CONTRIBUTION PLAN ACCOUNT?**

- Contributions made on your employer to the Defined Contribution Plan are pre-tax contributions; taxes will generally be due when you receive your benefit distribution.
- Generally, all lump sum payments over \$200 are subject to 20% Federal withholding tax. The Fund withholds and pays this Federal tax from your benefit before you received your distribution check.
- If you are requesting a direct rollover to another qualified plan, the Fund does not withhold Federal tax from the direct rollover payment. (You should check with your tax advisor regarding the tax on direct rollovers to a Roth IRA.)
- The Fund does not withhold state or local taxes from your benefit distribution. You should contact a tax professional for more information about state and local taxes that might affect you.
- The Fund does not withhold any tax penalties that might be imposed under IRS regulations. You should review the Special Tax Notices which are included in the Application materials before applying for your Defined Contribution Plan benefit.
- You may direct the Fund to withhold additional Federal tax by submitting an IRS Form W-4P with your Application. Please visit the IRS website at [www.irs.gov](http://www.irs.gov) for more information.
- You will receive a 1099-R tax statement, in January of the year following your distribution date, showing the amount of your distribution and the amount of Federal tax withheld and reported by the Fund.

9. **WHEN WILL I RECEIVE MY DEFINED CONTRIBUTION PLAN ACCOUNT STATEMENT?**

The Plan's fiscal year ends March 31, and the annual Fund audit takes several months to complete. After the audit is completed, the accountants prepare a Summary Annual Report (SAR) to be mailed with the Annual Statements. The SAR and any other notices of changes concerning the Fund will be mailed.

- The Annual Statement is mailed as soon as possible after the actuaries have completed the year end processing. The Annual Statement you receive is the only one you will receive that will show your contributions for the entire fiscal year, as well as your balance and any net investment earnings.

10. **WHAT INFORMATION SHOULD I CHECK ON MY STATEMENT?**

When you receive a Statement from the Defined Contribution Plan, you should check the following:

- Make sure your address is current and correct.
- Compare the reported hours to your records (check stubs, time book, etc.) to be sure they have been correctly reported to your account.

- Review any enclosed information about changes to the Plan.
- **PLEASE NOTE:** If your marital status has changed since your last beneficiary designation, your beneficiary shown on your statement may be invalid. Any change in your marital status (marriage or divorce) will void the designation on file.
- Your Defined Contribution Plan Annual Statement will be required to provide you with information about how your current individual account balance would convert to a monthly income amount at retirement. Please note: The Defined Contribution Plan does not offer an option for monthly benefit payments. This is for illustrative purposes only as required by government regulations. The estimated monthly payments shown on your statement are not a guarantee and are based on various assumption set by government regulations and outlined on this statement. Again, this is for illustrative purposes only. See What Are My Payment Options When I Become Eligible? for more information about benefit distributions from your Defined Contribution Plan account.

#### 11. **HOW DO I CHANGE MY BENEFICIARY?**

Your designated beneficiaries, if any, will be listed on your Annual Statement. Beneficiary Designation forms are available by contacting the Fund office or by a fillable and printable PDF form on this website.

You must complete and return a new form to add or change your beneficiary designation.

- The Fund office cannot add or change your beneficiaries by phone.
- You must provide complete information for yourself and for all your beneficiaries on the Application and Beneficiary Designation form, including name, social security number, birth date, address, telephone number and percent of benefits designated.
- Submitting a new Enrollment and Beneficiary Designation form will invalidate all prior forms; please include all beneficiary designations on the new form. Only the beneficiaries on the new form will be designated.
- Please be sure your form is signed and dated and that all information has been completed before you submit it.
- If you are married, by law your spouse is your legal Primary Beneficiary – even if you have named someone else as Primary on your Enrollment and Beneficiary Designation Form unless your spouse has agreed and signed, with notary witness, a consent of spouse form.
- If your form is incomplete, the designation may not be approved by the Plan and the form may be returned to you for completion.

#### 12. **WHEN SHOULD I COMPLETE A NEW BENEFICIARY DESIGNATION FORM?**

You should complete a new Enrollment and Beneficiary Designation Form if any of the following apply:

- You do not have a designated Beneficiary listed, and wish to make a designation:

- You wish to change your designated Beneficiaries;
- You have received notice that the Fund Office needs information or does not have a valid form;
- Your marital status has changed. Change in marital status will invalidate any prior Enrollment and Beneficiary Designation Form. If the Fund is unaware of your change in marital status, the invalidated beneficiary information may still appear even if it is invalid. If your designation form is invalid because your marital status has changed, your beneficiaries will be determined according to Plan rules, not the invalidated designation form. It is important that you notify and update the Fund Office if your marital status has changed.
- See the Summary Plan Description for more information about how the Plan determines beneficiaries.

**13. WHAT ELSE SHOULD I KNOW ABOUT MY QUALIFIED SAVINGS ACCOUNT?**

- Please keep your address, telephone number and beneficiary information updated with the Defined Contribution Plan office to ensure you will receive information about your account in a timely fashion.
- For security reasons, the Fund office generally does not give specific account information to anyone except the Participant. If you need account information to be given to another person or financial institution on your behalf, you must authorize the Fund office to release that information.

**14. WHY ARE PEOPLE I KNOW BEING CONTACTED BY THE DEFINED CONTRIBUTION PLAN?**

The Defined Contribution Plan Fund maintains an ongoing list of “missing” Participants whose contact information is no longer valid. If someone you know has been getting calls and letters from the plan regarding a missing participant, you or a relative might be on the list. Missing Participant names are sent to a search company that identifies possible relatives and associates. The Fund makes exhaustive efforts to locate missing Participants, but we need your help. If someone you know is on the list, please contact our office as soon as possible so the Fund can update the account and provide important Plan information to its Participants.

**15. HOW CAN I CONTACT THE DEFINED CONTRIBUTION PLAN OFFICE?**

The Fund office will be glad to answer any questions you may have about your Defined Contribution Plan account. You can contact the Fund in any of the following ways:

By Mail:            Indiana Teamsters Defined Contribution Plan  
                          2829 Madison Avenue  
                          Indianapolis, IN 46225

By Phone: (317) 275-6087

By Fax: (317) 275-6087

By Email: [ITDCP@local135.com](mailto:ITDCP@local135.com)