Indiana Teamsters
Defined Contribution Plan

Important Notice Regarding Changes to Your Benefit Plan

To all Participants and Alternate Payees:

As part of the initial filing and qualification process, the Board of Trustees worked with the Internal Revenue Service (IRS) to clarify certain provisions of the Plan. We are pleased to report that the IRS accepted all proposed changes and has determined the Indiana Teamsters Defined Contribution Plan meets all federal legal requirements. This determination by the IRS provides substantial tax benefits to the Contributing Employers and Plan Participants. Over time, this Plan will play an important role in providing you with financial security during retirement. The changes and clarifications requested by the IRS are below.

Early Retirement Date- Once a Participant reaches age 55 and has stopped all work with Contributing Employers, he may request a distribution of his account balance. The IRS requested that the Plan document be updated to note that this benefit is also available to any Participant who leaves covered employment before reaching age 55.

> **For Example-** Assuming Burrow worked 10 years in covered employment with the Teamsters but left at age 45 to run his own restaurant. Despite the fact he left the industry, Burrow will still be eligible to take an early retirement benefit at age 55.

Employer Contributions- Employers are required to remit contributions to the Plan on behalf of covered employees monthly. These contributions are not discretionary and must be made according to the formula set out in the collective bargaining agreements. Feel free to call the Fund Office if you have questions about the contribution formula, or if you believe contributions reported are not correct.

Minimum Required Distributions- One of the tax advantages for Participants is that the money in their accounts grows tax-free until retirement. However, the IRS requires all Participants to begin withdrawing money from their accounts no later than April 1st after they reach the "Required Beginning Date." For non-owners, this is the later of the calendar year in which they reach age 72, or the calendar year in which they decide to retire. Those who are 5% or more owners of Contributing Employers must begin withdrawing benefits by April 1st after they reach age 72.

> **For Example-** Assume Chase is not an owner of a Contributing Employer, loves his job, and decides to continue working past age 72. If he decides to continue to work until age 75, Chase can delay any distributions from the Plan until April 1st following the calendar year in which he finally retires. This will allow him to accrue additional contributions and investment earning for three years after the typical Required Beginning Date.

Involuntary Cash-Outs- In some cases, a Participant will work for only a short period of time and accrue a very small benefit before leaving the industry. In these situations, if a Participant's account is worth less than $1,000, the Board of Trustees have the option to issue payment and cash the person out of the Plan.

> **For Example-** Assume Higgins worked in covered employment for only a short period of time and has an account balance of $700. Once the Administrator learns that he has terminated employment, the Plan is permitted to send a check for this amount, even if Higgins does not want the payment to be made.

Vesting Schedule- To be "vested" in the Plan means your account balance belongs to you and cannot be forfeited. Under the current Plan rules, you will be 100% vested in your account immediately. The IRS requested the Plan be updated to clarify that if the Board of Trustees were to change the vesting schedule in the future, any Participant with at least three years of service would be given an election to elect to use the old vesting schedule. This change was made.

Plan Termination and Vesting Schedule- Again, Participants are immediately 100% vested in their account, but the IRS asked for clarification concerning the impact of Plan termination. Language was added to the Plan to clarify all Participants will be 100% vested upon the Plan's termination.

> **For Example-** Assume the Board of Trustees changed the vesting schedule in the future to require Participants to earn at least three years of service before they were considered vested. Assume further that Mixon only had two years of service under the Plan when the Board announced the Plan would be terminated. Under the IRS rules, Joe would be immediately vested even though he only had two years of service.

The Board of Trustees is proud of the benefits it offers to Participants and appreciates your continued interest in the Plan. Please feel free to reach out to the Fund Office with any questions.

Sincerely,

Plan Administrative Manager