

Teamsters Local 641 Pension Fund

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SUMMARY & CLARIFICATION OF MATERIAL MODIFICATIONS

TO: Plan Participants
FROM: Board of Trustees
SUBJECT: Recovery of Retirement Plan Overpayments
DISTRIBUTION DATE: May 2, 2023
EIN: 22-6220288
PLAN NUMBER: 001

IMPORTANT NOTICE TO ALL PARTICIPANTS OF THE

TEAMSTERS LOCAL 641 PENSION FUND

Please keep this letter with your Summary Plan Description

This document is a Summary of Material Modifications ("SMM") intended to notify you of important changes being made to the plan of benefits (the "Plan") of Teamsters Local 641 Pension Fund (the "Plan"). You should take the time to read this SMM carefully. If you have any questions regarding these changes to the Plan, please contact the Fund Office at (908) 687-4488.

SECURE ACT 2.0 - RECOVERY OF RETIREMENT PLAN OVERPAYMENTS

Effective 01/01/23 the Secure Act 2.0 amends the Recovery of Retirement Overpayments

Recovery of retirement plan overpayments. SECURE 2.0 amends ERISA to address the extent to which a retirement plan fiduciary may recoup an inadvertent overpayment made to a plan participant or beneficiary. The fiduciary may determine, in its discretion, not to seek recoupment of the overpayment from the participant, beneficiary, plan sponsor, employer, or other fiduciary. In the case of a defined benefit pension plan, the fiduciary would have to determine that the failure to recover the overpayment faster than required under the minimum funding rules will not materially affect the plan's ability to pay benefits when due.

If the fiduciary decides to seek recoupment of the overpayment, certain conditions apply.

- The fiduciary cannot seek interest or fees on the overpayment, efforts at recoupment cannot be accompanied by threats of litigation (unless the fiduciary has determined that there is a reasonable likelihood of success in recovering an amount greater than the cost of recovery), and the fiduciary may not use a collection agency or similar third party (unless the participant or beneficiary has ignored a court order or settlement). Recoupment of an overpayment to a participant cannot be sought from a beneficiary, and no recoupment is available if the first payment occurred more than three years before the participant is first notified of the error.
- In the case of an annuity, reductions in future payments must cease after the plan has recovered the overpayment, the amount recouped in a year cannot exceed 10 percent of the full amount of the overpayment and future benefit payments cannot be reduced below 90 percent of the periodic amount otherwise due under the plan.
- Exceptions apply where the participant or beneficiary is culpable in the overpayment or has engaged in fraud or misrepresentation. These changes are effective as of December 29, 2022.
- SECURE 2.0 provides that ongoing recovery through installment payments or future benefit payment reductions that commenced prior to SECURE 2.0's enactment may continue undisturbed.

If you have any questions on the above modifications to our Plan, please do not hesitate to contact us at the Pension Fund Office at (908) 687-4488.

Very truly yours,

Diane Florian

Diane Florian
Plan Manager
For the Board of Trustees