

Northern Nevada Plumbers and Pipefitters Variable Defined Benefit Plan

Mail Claims to: Post Office Box 11337, Reno, NV 89510
Street Address: 445 Apple Street, Suite 109, Reno, NV 89502
Telephone: (775) 826-7200

June 1, 2023

To: All Participants & Dependents

From: Board of Trustees of the U.A. Local 350 Variable Defined Benefit Plan ("Plan")

Re: Recent Changes to the Plan Rules -Summary of Material Modifications ("SMM")

Dear Participant,

This Notice known as the Summary of Material Modifications ("SMM") is legally required to inform you of recent and/or upcoming changes made to the U.A. Local 350 Variable Defined Benefit Plan ("Plan"). You should review this information carefully and share it with your eligible Dependents. Please contact the Trust Fund office if you have any questions.

IN ACCORDANCE WITH THE REQUIREMENTS OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), THIS DOCUMENT SERVES AS A SUMMARY OF MATERIAL MODIFICATIONS ("SMM") TO THE PLAN AND SUPPLEMENTS THE RESTATED SUMMARY PLAN DESCRIPTION ("SPD") AND PLAN DOCUMENT (COLLECTIVELY ALSO KNOWN AS THE "PLAN RULES") THAT HAS BEEN SEPARATELY PROVIDED TO YOU. YOU SHOULD KEEP AND INSERT THIS DOCUMENT WITH YOUR COPY OF THE PLAN RULES FOR FUTURE REFERENCE. THE PLAN RESERVES THE RIGHT TO AMEND OR TERMINATE THE PLAN AT ANY TIME AND ALL BENEFITS AND COVERAGE ARE SUBJECT TO THE TERMS OF THE OFFICIAL PLAN DOCUMENT.

PLAN AMENDMENT –

Article XI., Section A.3 of the SPD and Article VI., Section 6.12.2 of the Plan Document

Effective January 1, 2023

(Required Minimum Distribution Age Change to Age 73 and later on to Age 75 beginning 2033 pursuant to SECURE Act 2.0)

Please note if you are already taking a Required Minimum Distribution ("RMD") you cannot stop and must continue to take an RMD. These new changes are effective for those who reach age 72 after December 31, 2022 and then later on in 2033 for those who reach Age 73 after January 1, 2033.

3. After your Required Beginning Date - IRS Required Minimum Distributions ("RMD")

Age 73 Required Minimum Distribution ("RMD"). Effective immediately, if you are not a 5% owner (within the meaning of Section 416 of the Internal Revenue Code) and attain Age 72 after December 31, 2022 or Age 73 before January 1, 2033 (meaning those with birth years on January 1, 1951 through and including December 31, 1959), the Plan must commence paying your benefits no later than:

- (a)** April 1st following the calendar year you the participant (or beneficiary, if applicable) reaches Age 73 or
- (b)** the date you retire, whichever is later.

However, if you are a 5% owner you must commence receiving payments no later than April 1

following the calendar year in which you reach Age 73, regardless of whether you have retired or terminated your employment.

This is known as your Required Minimum Distribution or "RMD".

Any Participant (including a 5% owner) who attains age 72 on or after January 1, 2020 and is already receiving RMDs, would continue to be required to take distributions under the prior Required Minimum Distribution rule (which requires distributions for a non-five percent (5%) owner to commence no later than April 1st of the calendar year following the later of the calendar year in which the Participant attains age 72 or the calendar year in which the Participant retires, and for a five percent (5%) owner distributions must commence no later April 1st of the calendar year following the calendar year in which the Participant attains age 72, even if still working).

Age 75 Required Minimum Distribution ("RMD"). If you are not a 5% owner and your birthdates are on January 1, 1960 and later the Plan must commence paying your benefits no later than:

- a) April 1st following the calendar year in which you reach Age 75 or
- b) The date you retire (ceases work), whichever is later.

However, if you are a 5% owner you must commence receiving payments no later than April 1 following the calendar year in which you reach Age 75, regardless of whether you have retired or terminated your employment.

Upon attainment of the RMD age, the Plan must, if you are receiving periodic or specified monthly payments, ensure that your payments are paid over a period that does not exceed your life expectancy or the life expectancy of you and a designated beneficiary. Your RMD is calculated each year according to IRS guidelines. Not taking the RMD, however, will result in a significant penalty. (REMINDER AGAIN: If you own five percent or more of a contributing Employer, the Plan will be required by IRS rules to commence paying your benefit at your RMD age even if you are still working.) The Plan has the right to make a distribution to you even if you fail to file a pension application in order to comply with IRS requirements.

Your RMD is subject to federal income tax withholding unless you elect otherwise. Generally, federal income tax withholding on periodic payments (including eligible rollover distributions) applies at the default rate of 20% unless you elect some other rate or you elect not to have withholding apply. However, non-periodic payments and RMD payments applies at the default rate of 10% unless you elect some other rate or you elect not to have withholding apply. This is because RMD payments are not considered eligible Rollover distributions. Certain states may also require withholding. You will owe income tax on the distribution. You cannot roll the RMD portion of your pension into an Individual Retirement Account or retirement plan. **In order to comply with Treasury Department regulations, we advise you that this description is not intended to constitute, nor does it constitute legal or tax advice. You are responsible for consulting your own tax advisor as to any tax consequences associated with your individual situation.** See Section C. Federal Income Tax Withholding of this booklet for more information.

WARNING- POTENTIAL IRS PENALTY ASSESSED AGAINST YOU
(If your benefits are not paid at the RMD Age)

The IRS assesses a severe penalty against you if you do not begin receiving your retirement benefits by April 1st of the year following the date you attain your RMD Age or the date you retire (for non-5% participant owners), whichever is later. If you are a 5 percent owner, you must begin receiving your benefits at the RMD age even if you are still working or have or have not terminated your employment.

PLAN AMENDMENT – Article IX. of the SPD and Article 6, Section 6.11 of the Plan Document
Effective January 1, 2024
(Small Balance Lump Sum Payout Increase from “\$5,000” to “\$7,000”)

IX. LUMP SUM PAYMENT IN LIEU OF MONTHLY BENEFIT

Effective January 1, 2024, if, at the time a monthly benefit becomes payable to you or your Surviving Spouse, the actuarial present value of your monthly benefits is \$7,000 or less, the Board will pay you or your Surviving Spouse a lump sum amount equal to the actuarial present value in lieu of the monthly benefit otherwise payable. No spousal consent is required.

Sincerely,

Board of Trustees of the U.A. Local 350 Variable Defined Benefit Plan