

SUMMARY OF MATERIAL MODIFICATIONS

TO THE

SOLANO-NAPA COUNTIES ELECTRICAL WORKERS PROFIT SHARING 401(k) PLAN

Board of Trustees Expanded the Solano-Napa Counties Profit Sharing Plan to include a 401K Deferral Option

The Board of Trustees of the Solano-Napa Counties Profit Sharing Plan (“Plan”) amended the Plan to establish a 401(k) option for the Plan effective as of June 1, 2015. Under the 401(k) option, you may elect to defer a portion of your wages to the 401(k) Plan. This is done in a manner similar to the past classification system; however, there are certain limits and rules established by Congress and the Internal Revenue Service (“IRS”) that the Plan (and you) must follow as summarized below.

1. **Annual Election—First Election Period as of June 1, 2015/Deferral Amounts.** You will be permitted to elect a specific amount that you wish deferred to the 401(k) Plan. The deferral amounts are similar to what was being done under the prior classification system. Those amounts are: .20, \$1.70, \$3.20, \$4.70, \$6.20 and \$7.70 an hour (subject to the maximum limits summarized in number 2 below). Different rates may apply to apprentices. The election that you made as part of the first enrollment period will remain in place until the next election period (and continue unless changed). It is anticipated that the next election period will be in April 2016, to be effective as of June 1, 2016. Any deferral amounts are in addition to any “Mandatory” Employer Contribution provided in a current or future Collective Bargaining Agreement.
2. **IRS Established Maximum 401(k) Deferral Limits of \$18,000 and \$24,000 for 2015.** Pursuant to IRS guidelines, the maximum amount that you may defer out of your wages to a 401(k) Plan during 2015 is \$18,000 each calendar year; however, for Employees who are age 50 or older, the IRS permits an additional catch-up contribution of \$6,000 each year. Thus, the maximum amount that a person age 50 or older can defer is \$24,000. These limits should not be an issue unless you work a great number of hours and you have elected the highest deferral category. The IRS evaluates these limits each year and periodically has increased these amounts.
3. **FICA/FUTA and Other Amounts Withheld From Deferrals.** Pursuant to IRS guidelines, amounts deferred by an Employee to a 401(k) Plan are subject to Social Security and Medicare withholdings (“FICA”) and Federal Unemployment (“FUTA”) taxes (as well as state disability). As a result, these withholdings will be deducted by your Employer from the deferral amounts. Such withholdings are NOT deducted from mandatory contributions.
4. **Investment Options Remain the Same.** Your Plan assets continue to be invested in the same manner as in the past. While your future statements will show both a 401(k) balance and a Defined Contribution balance, the funds will be invested together.

Please contact this office if you have any questions.