



IBEW LOCAL 595 TRUST FUNDS



December 1, 2015

NOTICE OF CHANGES TO THE IBEW LOCAL 595 MONEY PURCHASE PENSION PLAN

The following is a summary of recent changes to the IBEW Local 595 Money Purchase Pension Plan. You should read the Notice very carefully as the Plan has been amended to provide different rules related to loans from your Individual Account definition of employee.

NEW RULES ON LOANS (For Loans Starting on or After January 1, 2016)¹

The new loan rules are as follows:

LOANS

Borrowing Money From Your Account

If the value of your individual account balance is \$5,000 or more, you may be eligible to borrow money from your account. **If you apply for and take a loan distribution, your Individual Account balance will be reduced by the amount of the loan. After taking the loan, your monthly loan payments will be credited to your Individual Account.**

Eligibility

Loans are available to any Plan Participant or Beneficiary (other than surviving spouses) if the account balance is at least \$5,000 and your individual account has not been withdrawn or terminated. If you are married, your spouse must consent to the loan in writing, witnessed by a representative of the Fund Manager or notary public.

Your loan may not be approved if:

- you have defaulted on a prior loan from the Plan (with limited exceptions described below);
- there is a reasonable possibility you will not repay the loan;
- the purpose of the loan is to transfer the proceeds to another party that would normally be a prohibited transaction under the Plan;

¹ All loans for which distributions were made prior to January 1, 2016 will be administered under the loan rules in effect prior to that date.

- you do not submit additional requested information in a timely manner;
- you do not follow the Plan's loan procedures; or
- you are going through a divorce where a QDRO has not been established.

Minimum and Maximum Loan Amount

The minimum loan amount is \$2,500. No loan amount may exceed the lesser of:

- a) \$50,000 reduced by the highest outstanding balance of a loan from the Plan during the one (1) year period ending on the day before the date on which such loan is made, or
- b) The greater of fifty percent (50%) of your Individual Account balance or \$10,000.

Loan Application

You must submit an application for a loan. Please contact the Plan Office to request a loan application. When you request an application, you will also receive additional information about the Plan's loan procedures. Loan applications for the purchase of your primary residence must include a copy of a fully-executed purchase agreement, escrow agreement, related loan papers (i.e. mortgage documents) and closing statement. Loan applications submitted with all required documentation on the 10th calendar day of each month may be funded by the first business day of the following month. You may have only one loan outstanding at one time.

Repayment and Terms

The minimum loan period is 1 year. Generally, the maximum loan period is 5 years. However, if the purpose of the loan is for the purchase of your primary residence, the maximum loan term is 10 years.

You must repay your loan monthly. All loan payments are due by the first of the month and shall be considered late after the 10th of the month and shall be subject to a late payment fee of \$15.00. The postmark date of the payment shall apply for purposes of application of a late payment penalty but for purposes of valuation the date the payment is received shall apply.

If you have an outstanding loan balance when a monthly required distribution is made to you because you have reached a date where minimum distributions are required by law, you must maintain an account balance with a minimum value that is equal to the loan value multiplied by a factor of 1.2. If your loan balance exceeds this ratio, you will be required to make an additional loan payment to reduce your loan balance. Otherwise, if you do not make such payment, your loan will be come due and payable in full.

Interest

You must pay interest on your loan. The interest rate on Plan loans is the prime rate published in Reuters or the Wall Street Journal on the first Friday of the month prior to the month in which you receive your loan, plus 1%. The interest you pay on your loan will be credited to your Individual Account.

Loan Default

If your loan payment is not received by the last day of the calendar quarter following the calendar quarter in which the payment was due, your loan will be considered in default. If your loan is in default, the Trustees and the Plan Office must notify the Internal Revenue Service. Your outstanding balance (including any outstanding interest) will be classified as a distribution and you may incur tax penalties. The Trustees may take legal action necessary to recoup any payments due or the full outstanding balance.

Normally, you will not be eligible to receive another loan from this Plan if you default on your loan. You may, however, be relieved of this restriction if:

- you repay the original loan, with all accrued interest, to the Plan before you apply for a new loan, and
- the prior default did not occur during the ten (10) year period prior to your application for a new loan.

Repayment of a loan previously in default will not relieve you of any tax penalties incurred on account of the prior default.

This Notice shall serve as a Summary of Material Modifications to your Plan and should be kept with your current Summary Plan Description for future reference. You can find out more about the Plan in the Plan's Summary Plan Description (SPD) and Plan Document. To obtain more information about Loans you can contact the Plan Office by calling **(925) 208-9996** or by writing to:

IBE Local 595 Benefit Plans
c/o BeneSys Administrators
P.O. Box 3420
San Ramon, CA 94584

*This document has been uploaded and is available on the participant website at
www.ibew595benefits.org.*