



RHODE ISLAND CARPENTERS BENEFIT FUNDS

December 15, 2017

Dear Participant,

You recently received information from the Executive Director of the New England Carpenters Benefit Funds regarding the mergers of your fringe benefit funds effective January 1, 2018.

This letter specifically addresses the merger of the Rhode Island Carpenters Annuity Fund (RI Fund) with the Connecticut Carpenters Annuity Fund (CT Fund), to form the newly named Southern New England Carpenters Annuity Fund (SE Fund).

WHY ARE YOU RECEIVING THIS NOTICE

The RI Plan is a defined contribution money purchase plan. Among other things, a money purchase plan requires a set contribution formula, requires certain forms of benefits, and provides for distributions only upon retirement, separation of service, disability, or death (loans are not considered distribution options).

The SE Plan is a profit sharing plan. This is probably the most common form of defined contribution pension plan today. A profit sharing plan is similar to a money purchase plan in that there is a set contribution formula. However, by law there is more flexibility in designing a profit sharing plan.

If you were not otherwise told, it would be hard to recognize the difference between a money purchase plan and a profit sharing plan. ***Most importantly, the contributions required to be made on your behalf to your individual account are not changing.*** However, by law (specifically ERISA Section 204(h)), because as of January 1, 2018, contributions received on your behalf will accumulate as profit sharing assets instead of money purchase assets, and because there are a few different features in the SE Plan, we are required to provide you this notice explaining the differences between the plans.

COMPARISON OF THE RI AND SE PLANS

The chart on the next two pages compares relevant terms of the RI Plan and SE Plan. Your account balance and contributions received prior to January 1, 2018, and earnings and losses thereon, will be subject to the terms of the RI Plan provisions outlined below. Your account balance and contributions received on or after January 1, 2018, and earnings and losses thereon, will be subject to the terms of the SE Plan provisions outlined below. Following the chart are examples of how some of the differences in the Plans may affect payment of your benefits.

RI Plan Provisions Applicable to Pre-Merger Account Balances	SE Plan Provisions Applicable to Post-Merger Account Balances
Normal Retirement: Age 62	Normal Retirement: Age 65
Early Retirement Meets all the following requirements: <ul style="list-style-type: none"> (a) age 55, or, if earlier, has retired on a Service Pension from the RI Pension Fund, which in general requires 30 credits or years of service (note effective January 1, 2018, this will be Service Pension from the NE Pension, into which the RI Pension will merge), (b) retired from Covered Employment, and (c) not working in any employment covered by a reciprocal agreement. 	Early Retirement Age 55 and receiving an retirement benefit from CT Pension Plan under: <ul style="list-style-type: none"> o CT Pension Plan early retirement provisions, which require age 55 and 15 credits, or 10 credits if have Social Security Disability Award o CT Pension Plan Rule of 92 (applicable only to those who were CT participants prior to 4/1/07 and whose age and credits equal or exceed 92) o CT Pension Plan Service Pension (which in general requires 30 credits or years of service) (Note effective January 1, 2018, this will be Service Pension from the NE Pension, into which the CT Pension will merge.)
Disability: Requires Social Security Disability Award	Disability: Requires Social Security Disability Award
Loans <ul style="list-style-type: none"> o Minimum \$1,000 and maximum lesser of (a) \$50,000 minus highest outstanding loan balance during prior 12 months, or (b) 50% account balance o For medical care, post-secondary education (including trade or technical school), purchase principal residence, prevent eviction or foreclosure on principal residence, funeral expenses death immediate family, parent, or dependent o Only one loan may be outstanding at any time o If default on loan, are not eligible for any further loans 	Loans Effective January 1, 2018, the SE Plan will provide loans on the same terms and conditions as outlined to the left under the RI Plan, with clarification that loans for medical care and post-secondary education are allowable for a participant, spouse, or dependent, and loans for the purchase of a principal residence or prevention eviction/foreclosure must be obtained on behalf of a participant.
Hardship No hardship provisions.	Hardship Hardships allowed up to 50% account balance for medical care, post-secondary education, purchase principal residence, prevent eviction or foreclosure on principal residence (if for eviction rental property, one per lifetime; if for foreclosure, two per lifetime), funeral expenses death immediate family or parent, payment debts and reasonable living expenses for immediate family when a participant is engaged in military services outside North America, payment overdue state or federal taxes and penalties one time per lifetime. Minimum \$1,000; maximum \$70,000 per lifetime.

RI Plan Provisions Applicable to Pre-Merger Account Balances	SE Plan Provisions Applicable to Post-Merger Account Balances
Distribution Upon Termination (Break in Service) Distribution of 50% of an account balance upon termination of employment once a participant has had no contributions made for three months and is not otherwise engaged in covered employment, and his full account balance after no contributions have been made by any employer for six consecutive months and is not otherwise engaged in covered employment.	Distribution Upon Termination (Break in Service) Distributions upon termination of employment allowed as follows: 50% of the account balance after a 6 month break-in-service, and 100% available after a 12 month break-in-service.
Retirement Distribution Options – Single Normal Form: Single Life Annuity Optional forms of benefits: <ul style="list-style-type: none"> ○ One lump sum ○ Periodic Lump sums up to 12 times per year 	Retirement Distribution Options – Single Normal Form: Ten Years Certain and Life Annuity Optional form of benefits: <ul style="list-style-type: none"> ○ One lump sum ○ Series of equal monthly installments
Retirement Distribution Options – Married Normal Form: 50% J&S Options with spousal waiver: <ul style="list-style-type: none"> ○ 75% J&S ○ Straight life annuity ○ One lump sum ○ Periodic Lump sums up to 12 times per year 	Retirement Distribution Options – Married Normal Form: 50% J&S Options with spousal waiver: <ul style="list-style-type: none"> ○ 75% or 100% J&S ○ Ten Years Certain and Life Annuity ○ One lump sum ○ Series of equal monthly installments
Pre-Retirement Death Benefits If married: Account balance paid to Spouse or, if Spouse has consented, to another beneficiary designated by Participant If single: Designated Beneficiary, or if not designated, to estate.	Pre-Retirement Death Benefits If married: Account balance paid to Spouse or, if Spouse has consented, to another beneficiary designated by Participant If single: Designated Beneficiary, or if not designated, to estate.
Participant Voluntary Contributions No Participant contributions allowed.	Participant Voluntary Contributions Participants covered by a CBA to make voluntary post-tax contributions not to exceed 10% compensation per year. May be withdrawn at any time subject to spousal consent. (Not applicable if highly compensated participant per IRS rules.)

EXAMPLES:

- **Normal Retirement:** A single RI Participant has an account balance of \$90,000 as of December 31, 2017. He accumulates another \$30,000 after January 1, 2018. Upon reaching age 62, he retires and immediately applies for benefits. He may receive a distribution as follows:
 - The \$90,000 accumulated as of December 31, 2017, adjusted for earnings and losses, is distributed under the RI Plan provisions upon application.
 - The \$30,000 accumulated on or after January 1, 2018, is distributed under the SE Plan Rules. As the SE Plan defines normal retirement as age 65, he cannot obtain a distribution of this amount upon application. However, six (6) months following termination of employment he may receive \$15,000, adjusted for earnings and losses, and 12 months following termination of employment he may receive the remaining \$15,000, adjusted for earnings and losses (provided he has not resumed work).
- **Early Retirement:** A single RI Participant has an account balance of \$75,000 as of December 31, 2017. He accumulates another \$10,000 after January 1, 2018. Upon reaching age 55, he retires, at which time he has 10 credit years, and immediately applies for benefits. He may receive a distribution as follows:
 - The \$75,000 accumulated as of December 31, 2017, adjusted for earnings and losses, is distributed under the RI Plan provisions upon application.
 - The \$10,000 accumulated on or after January 1, 2018, is distributed under the SE Plan Rules. As the SE Plan requires a minimum of 15 credits (in the absence of a Social Security Disability Award), he cannot obtain a distribution of this amount upon application. However, 6 months following termination of employment he may receive \$5,000, adjusted for earnings and losses, and 12 months following termination of employment he may receive the remaining \$5,000, adjusted for earnings and losses (provided he has not resumed work).
- **Break in Service:** A RI Participant has an account balance of \$20,000 as of December 31, 2017. He accumulates another \$6,000 after January 1, 2018. He thereafter terminates employment. He may receive a distribution as follows:
 - As to the \$20,000 accumulated as of December 31, 2017, which is distributed under the RI Plan rules, he may receive a distribution of \$10,000, adjusted for earnings and losses, 3 months following termination of employment and the remaining \$10,000, adjusted for earnings and losses, 6 months following termination of employment (provided he has not resumed work).
 - As to the \$6,000 accumulated on or after January 1, 2018, which is distributed under the SE Plan rules, he may receive a distribution of \$3,000, adjusted for earnings and losses, 6 months following termination of employment, and he may receive the remaining \$3,000, adjusted for earnings and losses, 12 months following termination of employment (provided he has not resumed work).

Note on Loans: If you have an outstanding loan issued prior to the merger under the RI Plan, you will continue to make payments under the same terms and conditions in the SE Plan.

If you have any questions, please call the RI Fund Office, which will continue to service for funds as of January 1, 2018.

Sincerely,

Jeffrey Allen
RI Plan Manager

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