

# **TOC-Woodworkers, IAM Defined Contribution Plan**

## **New Segregated Investment Account Notice and** **Statement of Material Modification**

The Board of Trustees of the TOC-Woodworkers, IAM Defined Contribution Plan is pleased to announce a new Segregated Investment Account option, which is effective November 15, 2010. This Notice explains why the Trustees are making this change and covers the rules governing who can elect this new option. This Notice also serves as a Summary of Material Modification or supplement to your existing Summary Plan Description. You should keep a copy of this Notice with your SPD for future reference.

### **Why are the Trustees making this change?**

The Trustees are making this change to provide an alternative investment option for eligible Participants who are at least age 58 and are either near retirement or who are retired. The Trustees recognize that some older Participants may want more conservative investments. The Trustees are providing this new option to give those Participants more flexibility in meeting their individual retirement needs.

The investment account is designed primarily to preserve capital with less emphasis on capital appreciation and inflation protection. This means that eligible Participants who are concerned with preservation of capital may make the election to have their Plan accounts invested in the new Segregated Investment Account. The full eligibility requirements are addressed below in the Q&As.

### **When are Segregated Investment Accounts available?**

The Segregated Investment Account is available as of November 15, 2010. In order to qualify for a transfer to the Segregated Investment Account as of that date the Plan's Administrative Office must receive your completed election application by November 10, 2010. The election paperwork will be available from the Plan's Administrative Office starting October 25, 2010. The rules governing elections and the transfers of your Plan accounts after November 15, 2010, are discussed below in the Q&As.

### **Where is the Segregated Investment Account held?**

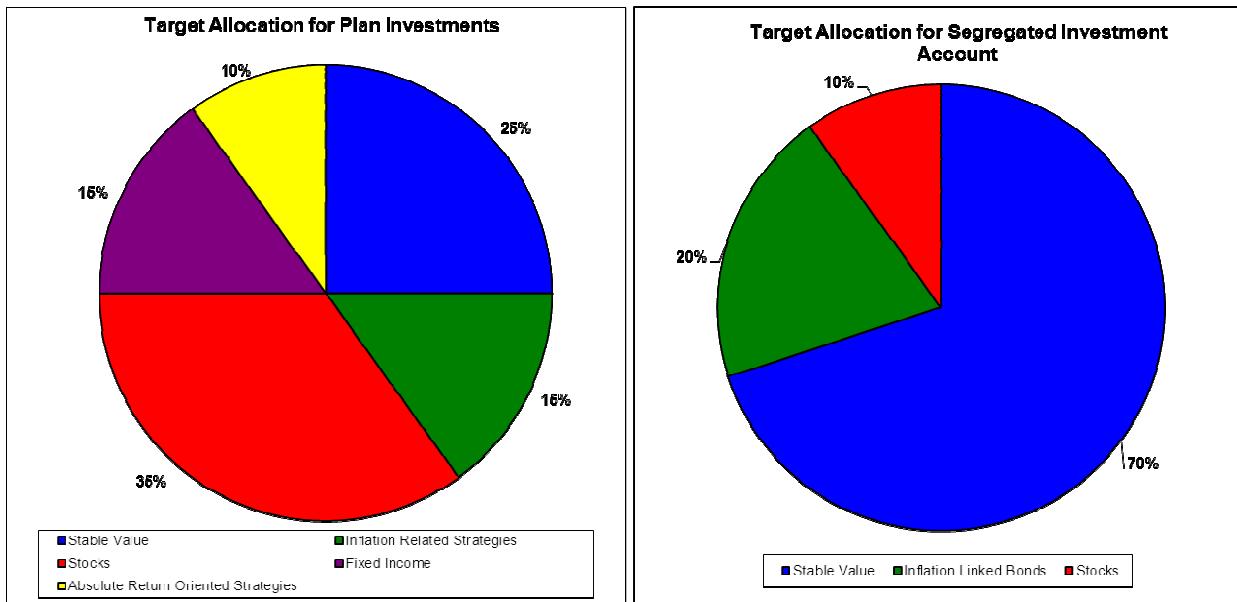
The Segregated Investment Account is part of the Plan's assets and will be held in trust by the Trustees, similar to all other Plan assets. The Segregated Investment Account retains all of the legal protections applicable to the Plan (i.e., protection from creditor claims). As the name implies, the accounts of Participants electing this option are "segregated" from the regular Plan assets and invested separately from other Plan assets. The Plan's administrator will separately track the investments and allocate earnings, gains and losses to those participating in the Segregated Investment Account.

## How will the Segregated Investment Account be invested?

The Trustees determine how the Segregated Investment Account is invested pursuant to the Plan's investment policy, which may change from time to time. The current policy provides for the following asset targets, shown below in both graph and pie chart formats. The asset targets for Plan investments, as well as those invested under the Segregated Investment Account, are provided so you can compare the two. Actual investments under either the Plan or the Segregated Investment Account vary from the target allocations because the value of stocks and bonds change over time. However, the investments are rebalanced periodically as determined by the Trustees back to the target allocations. Historical returns based on the target allocations are provided at the end of this Notice.

Investment Type*	Target Allocation for Plan Investments	Target Allocation for Segregated Investment
Stable Value	25%	70%
Stocks	35%	10%
Inflation Related Strategies	15%	20%
Fixed Income	15%	0%
Absolute return oriented strategies	10%	0%
Total:	100%	100%

\* The listed investment types are defined at the end of this Notice.



## **Should I consult with a financial advisor?**

The Trustees recommend that any Participant considering the Segregated Investment Account option consult with a qualified financial advisor before making the election (or election revocation). Neither the Trustees nor the Plan's Administrative Office are qualified to give investment advice concerning the election. The election may have important financial consequences given your circumstances and a professional with financial planning training should be consulted before the election is made.

## **QUESTIONS & ANSWERS**

### **Q1. Who is eligible to make the election to transfer their Participant Accounts to the Segregated Investment Account?**

A1. Participants. The following Participants who are age 58 or older as of the transfer date may elect the Segregated Investment Account: any active or inactive employee; any retiree; any surviving spouse.

Beneficiaries and/or Alternate Payees. Beneficiaries and/or Alternate Payees under a QDRO are not eligible to elect the Segregated Investment Account.

Note: A beneficiary and/or alternate payee who becomes entitled to all or a portion of a Participant's account invested under the Segregated Investment Account may keep the account invested in the Segregated Investment Account or may revoke the election. A beneficiary and/or an alternate payee who revokes an election may not subsequently elect the Segregated Investment Account.

### **Q2. What is the “transfer date”?**

A2. The “transfer date” is the date on which an eligible Participant's account is transferred to or from the Segregated Investment Account. The transfer date is the 15<sup>th</sup> day of every month. Completed election applications received by the Plan's Administrative Office by the 10<sup>th</sup> day of the month are processed on the 15<sup>th</sup> day of the month.

Example: John is a Participant age 62 and wants his Plan accounts invested under the Segregated Investment Account. John submits his completed election application to the Plan's Administrative Office on December 10<sup>th</sup>. John's accounts will be transferred to the Segregated Investment Account on December 15<sup>th</sup>.

Note: A “complete” application for a married Participant requires a spousal consent.

**Q3. Is a minimum balance required to make the election to put my Plan accounts in the Segregated Investment Account?**

A3. No. There is no minimum balance requirement.

**Q4. Can I elect to put part of my Plan account in the Segregated Investment Account?**

A4. No. Your election is for 100% of the account you are transferring to the Segregated Investment Account.

**Q5. If I make the election do I have to transfer all of my Participant Accounts?**

A5. No. You may elect to transfer any or all of your Participant Accounts.

Example: John is eligible for the Segregated Investment Account. John has a defined contribution account (employer contributions) and a 401(k) account (his salary deferrals). John can elect to move either: (1) 100% of both accounts to the Segregated Investment Account; (2) 100% of the defined contribution account; or (3) 100% of the 401k account.

Note: An election covers the eligible Participant's current accounts and any future contributions to those accounts. For example, assume a Participant elects to transfer both his defined contribution and 401(k) accounts to the Segregated Investment Account. In that case, all future employer contributions and 401(k) elective deferrals will also be transferred to the Segregated Investment Account.

**Q6. Can I revoke my election and move my account back to the Plan investments?**

A6. Yes, but only after 24 months. If you revoke your election your account will be transferred back to Plan investments and invested accordingly. The transfer will take place as of the next transfer date.

Example: John elects the Segregated Investment Account for his defined contribution account and 401(k) account and his transfer date is December 15, 2010. John can revoke his election effective December 15, 2012 (after 24 months). In order to do so, John must file his completed election form with the Plan's Administration Office by December 10, 2012. If John misses this deadline John can revoke his election in a subsequent month.

Note: John can revoke his election for either his defined contribution account or his 401(k) account, or for both.

**Q7. Can I reelect the Segregated Investment Account after I revoke my election?**

A7. Yes, but only after 24 months after your revocation date.

Example: Assume the same facts as the example under A6 above. John revokes his election for his 401(k) account as of December 15, 2012. In 2013 John's circumstances change and now he wants to elect the Segregated Investment Account again. John cannot reelect the Segregated Investment Account for his 401(k) account until December 15, 2014.

**Q8. Is the investment return on the Segregated Investment Account guaranteed?**

A8. No. The Trustees make no guarantee or assurances as to the investment returns concerning Plan assets, including investments in the Segregated Investment Account.

**Q9. What is the contact information for the Plan's Administrative Office?**

A9. You have the following choices:

On-line: go online to [www.tocwoodworkers.aibpa.com](http://www.tocwoodworkers.aibpa.com) and print the applicable forms

By phone: 503.222.7696 or Toll-Free: 800.547.4457

By mail: A&I Benefit Plan Administrators, Inc.  
1220 S.W. Morrison St, Suite 300  
Portland, OR 97205-2222

## PROJECTED HISTORICAL RETURNS

**Disclaimer:** Historical returns are for informational purposes only. The historical returns provided below are not actual returns; they are mathematical calculations. The following historical returns assume that investments were made pursuant to the targeted asset allocations on page 2. For example, historical returns for the Segregated Investment Account project what the return would have been under the targeted allocation back to 1997. The Segregated Investment Account was incepted on November 15, 2010. Please note the following regarding historical returns:

- \* Past performance may not be indicative of future results. Therefore, you should not assume that future performance will be equal to or exceed the historical returns provided in this Notice.
- \* The historical returns were not actually achieved by any particular investment, but simply represent a hypothetical investment return that would have been experienced had an investor constantly held the asset mix using the targeted asset allocation and achieved market level returns in each asset category.

<i>Overview of Historical Returns as of December 31, 2013</i>			
	Best 1 year return*	Worst 1 year return*	Number of positive years out the last 15 years
Segregated Investment Account Option	8.2	-1.6	14.0
Plan Investments	16.4	-19.0	12.0
<i>* In the longest available common history starting from March 1, 1997 (inception of Inflation Linked Bonds) – 15 years</i>			

<i>Overview of Historical Returns by Year through December 31, 2013</i>																	
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997*
Segregated Investment Account Option	2.1	4.6	4.8	5.1	7.2	-1.6	6.4	5.0	4.2	5.8	7.8	4.8	4.8	6.2	6.9	8.2	6.6
Plan Investments	12.9	8.9	2.0	10.0	15.6	-19.0	6.4	10.4	5.9	9.0	16.4	-2.9	-1.4	4.2	12.9	11.4	11.8

\* 1997 data is from March through December, 1997

*Note: Historical return statistics for the new Segregated Investment Account Option were calculated using - 70% Hueeler Stable Value, 20% Barclays US Treasury: US TIPS Index, and 10% S&P 500 Index. Historical return statistics for Plan Investments were calculated using - 35% S&P 500, 15% Barclays US Aggregate Bond Index, 25% Hueeler Stable Value, 10% HFN FOF Multi-Strategy Index, and 15% Custom Real Return Index. Custom Real Return Index consists of 1/3 Barclays US Treasury: US TIPS Index, 1/3 Dow Jones Commodity Index, and 1/3 FTSE EPRA/NAREIT Global Developed Real Estate Index.*

## DESCRIPTION OF INVESTMENT TYPES

Stable Value: Investments include short or intermediate duration fixed income instruments of high credit quality, and the involvement of an insurance company guarantee. Stable Value investments do not fluctuate up and down on a daily basis with the financial markets, and provide liquidity to participants on a book value basis.

Stocks: Ownership of a corporation indicated by shares, which represent ownership of the corporation's assets and earnings.

Inflation Related Strategies: Investments that are designed to hedge against inflation and the loss of purchasing power associated with inflation. Investments in this category can include, but are not limited to: commodities; Treasury Inflation Protected Securities (TIPS); and real estate. The 20% of the Segregated Investment Account allocated to this category will be invested exclusively in TIPS. TIPS are fixed income securities issued by the Treasury, whose face value is adjusted for changes in the consumer price index.

Fixed Income: Investments include government, corporate, and municipal bonds, preferred stock, and guaranteed investment contracts. Fixed Income investments pay interest or dividends on a regular schedule.

Absolute return oriented strategies: Investments that aim to produce a positive absolute return regardless of the directions of financial markets. Investments in this category includes a diversified set of investment strategies and portfolios that have broad flexibility to invest across the capital markets, using long and short positions to profit from mispriced securities.