

U.A. Local No. 393 Benefit Funds

HEALTH & WELFARE, SUB, DEFINED BENEFIT PENSION AND DEFINED CONTRIBUTION

6293 San Ignacio Ave ■ San Jose, CA 95119 ■ P.O. Box 2460 ■ San Jose, CA 95109-2460
(408) 588-3751 ■ (408) 436-8210 fax ■ Staff@ualocal393benefits.org ■ www.ualocal393benefits.org

NOTICE OF MATERIAL MODIFICATIONS

to the

U.A. LOCAL NO. 393 DEFINED CONTRIBUTION PLAN

(As restated November 1, 2021)

Date: December 2025
To: Participants and Employers of the U.A. Local No. 393 Defined Contribution Plan
From: Board of Trustees
Re: Roth 401(k) and Catch-Up Contribution - *effective Jan. 1, 2026*

This document is a Summary of Material Modifications (“Summary”) intended to notify you of the important changes made to the U.A. Local No. 393 Defined Contribution Plan (“Plan”) since the Summary Plan Description was last distributed to you. Please note that in the event of conflict between this Summary and the terms of the Plan, the terms of the Plan will govern.

- 1. Effective January 1, 2026, the Trustees have amended the Plan Document to allow you the option to designate elective deferrals as Roth (after-tax) 401(k) contributions.**
- 2. Effective January 1, 2026, the Trustees have also amended the Plan Document to require certain catch-up contributions to be treated as Roth (after-tax) contributions for high-income participants. This change is to comply with federal law, under the SECURE Act 2.0 of 2022.**

Below is a more detailed summary of these changes and what this means for you as either a Participant in the Plan, or as a signatory Employer to the Plan. These are important changes and we recommend you read the entire document to see what this means for you.

1. Roth Contribution Option

What does this Mean?

Effective January 1, 2026, you now have the option to designate some or all of your elective deferrals as Roth (after tax) 401(k) contributions. This means that you now have the option to choose whether your elective deferral contributions are made on a:

- Pre-tax basis (contributions reduce your current taxable income, but are taxable when withdrawn in retirement)
- Roth (after tax) basis (contributions are taxed now, but qualified withdrawals are tax free)
- or
- Combination of both pre-tax and Roth.

This change was made to provide you with more options and greater flexibility to tailor your retirement savings strategy to your individual tax and financial goals. Some participants may benefit from the ability to make Roth contributions, especially those who expect to be in a higher tax bracket in retirement or who want to diversify their tax exposure.

What is a Roth Contribution?

Roth contributions are made with after-tax money, so you don't get a tax break as you make them to your retirement plan. But withdrawals of both contributions and any earnings are tax-free if you meet certain conditions—you must be age 59½ or older or permanently disabled when you withdraw the Roth earnings, and you must have made your first Roth contribution at least five years before withdrawing your Roth earnings.

Can I change my mind and have designated Roth contributions treated as pre-tax elective contributions?

No. Once you designate contributions as Roth contributions, you cannot later change them to traditional, pre-tax elective contributions. You may change your future contributions but cannot reallocate previously contributed Roth 401k dollars to a Pre-tax 401k contribution.

What is Not Changing?

The pre-tax contribution option remains available. You may continue to contribute to your 401(k) account on a pre-tax basis if you prefer.

The total annual limit on elective deferrals (pre-tax and Roth combined) is still governed by IRS rules. For example, in 2026, the IRS allows deferrals of \$24,500, plus \$8,000 in catch-up contributions if you are age 50 or older.

How to Make or Change Your Election?

You may choose the type and amount of your elective deferrals at any time. This means you have the ability to make your 401(k) contributions as pre-tax, Roth or combined, changing the percentage or dollar amount of your deferrals, or stopping or restating contributions at any time. If you are interested in making changes to your deferral, download a new form at ualocal393.org/fringe-benefits and return it to your local union.

If You Are a Signatory Employer:

If you are a signatory employer, you will need to update your payroll system to now allow for both pre-tax and Roth elective deferral contributions.

2. Roth Catch-Up Contributions

Who Does This Apply To?

Effective January 1, 2026, if you are a participant (age 50 or older) who earns more than \$150,000 (adjusted for inflation annually) in wages (as reported on your Form W-2, box 3) from a signatory employer in the prior calendar year, and you are still working for the same employer, and you make catch-up contributions to the Plan, then those catch-up contributions must now be made as Roth (after-tax) contributions. This is a mandatory change as required by federal law that the Trustees are implementing in 2026.

What Does This Mean?

This means that your catch-up contributions will be made on an after-tax basis and these contributions and earnings will be tax-free upon distribution.

Example: It is February 2026 and you are 52 years old. The standard 401(k) elective deferral limit is \$24,500 and the catch-up contribution for an individual age 50 or older is an additional \$8,000, meaning you can contribute up to \$32,500 (\$24,500 + \$8,000). In 2025, you earned \$160,000. You worked at ABC Company in 2025, and continue to work for ABC Company in 2026. You decide you want to contribute to your 401(k) and make catch-up contributions as well in 2026. Since you made more than \$150,000 in 2025, then you will be required to make your \$8,000 catch-up contributions as Roth (after-tax contributions) in 2026.

What If I Don't Want to Make a Catch-up Contribution?

Please note – ALL participants have the option of electing to make their catch-up contributions on a Roth basis. This change only affects those participants who meet the high income requirements above and want to make catch-up contributions, then their catch-up contributions must be made on a Roth basis.

However, you continue to have the right to change or revoke your catch-up contribution elections, including the right to cease making catch-up contributions entirely. You will be provided the effective opportunity to opt out of making such contributions. To change your deferral, download a new form at ualocal393.org/fringe-benefits and return it to your local union. Please contact the Administration Office for further information.

How Does This Apply With the Higher Catch-up Contribution Option?

As a reminder, the Plan also allows for a “higher catch-up” contribution. The “higher catch-up” category applies to individuals who attain age 60 but do not attain age 64 before the close of the taxable year, in which case your maximum catch-up contribution is the greater of: \$10,000, or an amount equal to 150% of the standard catch-up contribution limit for that year. For 2026, that amount is \$11,250

If you are a high income earner, the Roth Catch-up Requirement also applies to this higher catch-up option.

If You Are a Signatory Employer:

In order to help the Plan comply with these new changes as required under the SECURE Act 2.0, **you as the signatory Employer will be required to provide additional information to the Administration Office starting January 1, 2026.** Effective January 1, 2026 and going forward, when you submit your hourly contribution reports to the Administration Office, you must also include each participant's wages on a monthly basis. Specifically, you must provide the following information:

- **Effective with the January 2026 monthly hour report, and every monthly hour report going forward – provide a summary of all participants' W-2, Box 3 information**
- **Just this one time - provide each participant's W-2, Box 3 information for the 2025 calendar year.**

We recommend you update your payroll system accordingly, starting January 1, 2026.

If you have any questions about the Roth 401(k) contributions or Catch-Up Contribution requirements or any questions concerning this Summary, the Plan or your benefits, please contact

the Pension Department at (408) 588-3751. To change your deferral, download a new form at ualocal393.org/fringe-benefits and return it to your local union.

*These changes are made pursuant to Amendment 8 to the Formal Plan Rules of the Defined Contribution Plan, which can be found on **www.ualocal393benefits.org** (in the documents tab).*