



IUPAT District Council 15

Glazing Health and Welfare Trust
Southern Nevada Glaziers and Fabricators 401(k) Pension Trust Fund
Painters and Floorcoverers Joint Committee Trust
Painters, Glaziers & Floorcoverers Joint Apprenticeship & Journeyman Training Trust
Southern Nevada Painters Market Recovery Trust
Painters, Glaziers and Floorcoverers Safety Training Trust Fund
Southern Nevada Painters, Decorators and Glaziers LMCC Trust

This Notice is being provided to inform you of the new Loan Program for the *401(k) Retirement Plan for the Southern Nevada Glaziers and Fabricators Pension Trust Fund* (the “Plan”). The Loan Program becomes available to Plan Participants, effective October 15, 2017. The Board of Trustees has designed the Loan Program to allow a Plan Participant to apply for, and to potentially take out, a loan (“Loan”) from his or her retirement account balance in the Plan (“Individual Account”).

The purpose of the Loan Program is to allow you the possibility of receiving a Loan from your Individual Account in order to help alleviate immediate personal financial challenges and pressing financial “needs”. The Loan Program is designed to potentially cover some of the costs associated with a limited list of needs that a Participant may encounter in life prior to retirement.

This Loan Program adds a valuable option or alternative to a Participant, who might otherwise be forced to either (i) take a taxable distribution from the Participant’s Individual Account or (ii) seek more costly financial assistance elsewhere.

Please Note that a downside to taking a Loan is that a Participant would not receive investment returns on the outstanding Loan balance, which is removed as a Loan from the Participant’s Individual Account, until repaid. Furthermore, monthly payments with interest are required by the Participant in order to repay the Loan to the Plan to replenish the Participant’s Individual Account.

There are alternatives to taking out a Loan against your Individual Account balance under the Plan. The Plan Document already contains provisions for “Hardship Distributions”, which are not discussed in this Notice. The Board encourages you to leave your Individual Account balance as is until you retire in order to better save for retirement.

Following is a Summary of the Loan Program that the Board of Trustees and Plan Sponsors have designed. Note that the Board of Trustees and/or Sponsors may change the Loan Program at any time, as is permissible under applicable Statutes.

PARTICIPANT LOAN PROGRAM RULES

[Effective Date: October 15, 2017]

- I. **Loan Eligibility Rules.** Participants (Actives and Retirees; not those who Terminated Prior to Retirement) may borrow a portion of their Individual Account balance under the Rules outlined below.
- II. **Amount of Participant Loans.** A Participant may borrow up to: (a) fifty percent (50%) of the amount in the Participant’s Individual Account as of its last Valuation; or (b) Fifty Thousand Dollars (\$50,000.00), whichever is less (subject to the Calculation Rules of Section VII below). The minimum Loan amount is Two Thousand Five Hundred Dollars (\$2,500.00).

For future Loans, if a prior Loan is outstanding at any time during the twelve (12) months preceding the application date for the new Loan, the new Loan limit is reduced by the highest outstanding Loan balance during the prior twelve (12) month period.

III. Participants Ineligible for Loans. A Participant may **not** request a Loan if:

- a. the Participant is working, or has worked, for an industry employer who is not signatory to a collective bargaining agreement with a Sponsoring Union; or
- b. the Participant's Individual Account balance is less than Five Thousand Dollars (\$5,000.00) at its most recent Valuation; or
- c. the Participant has Terminated prior to Retirement, as defined in the Plan Document.

IV. Purpose of Loan. Unless otherwise provided by the Plan Trustees: (i) a request for a Loan must be based upon one of the purposes (needs) listed below; (ii) a Loan applicant must provide any requested proof of the purpose or need for the Loan; (iii) the Loan proceeds shall be paid by the Plan directly to the debt holder (i.e. hospital, medical institution, educational institution, landlord, funeral home, mortgage holder, etc.); and (iv) the Plan Trustees have absolute discretion to determine if an application meets one of the following permitted purposes (needs):

- a. for the purchase of the Participant's principal residence;
- b. for medical expenses incurred by, or amounts necessary to obtain medical coverage for, the Participant, a Spouse, Children or other Dependents;
- c. for payment of tuition and related education fees for the Participant, a Spouse, Children or other Dependents;
- d. for prevention of eviction from or foreclosure upon the Participant's primary residence;
- e. for burial or funeral expenses for the Participant's deceased parent, Spouse, Child or other Dependent; or
- f. for the Participant's purchase of an automobile.

V. Loan Application. An Application must be submitted for a Loan to the Plan Administrator's Office. Any additional Loan information needed by the Plan will be requested from the Participant. A Loan Application for the purchase of a Principal's primary residence must include a copy of a fully-executed purchase agreement, escrow agreement, residential loan papers (i.e. mortgage documents) and any estimated closing statement. Loan Applications submitted with all required documentation by the tenth (10th) calendar day of each month may be funded, if approved, by the first (1st) business day of the following month. A Participant may only have one (1) Loan outstanding at any time.

VI. Eligibility. Loans are available to any eligible Plan Participant if: (i) the Individual Account balance is at least Five Thousand Dollars (\$5,000.00); and (ii) the Individual Account has not been withdrawn or

terminated at the time of Loan Application. If married, the Participant's Spouse must provide written consent to the Loan, witnessed by a Notary Public. A Participant Loan may not be approved if:

- a. the Participant has defaulted on a prior Loan from the Plan (with limited exceptions described below);
- b. there is a reasonable probability, in the discretion of the Plan Trustees, that the Participant will not repay the Loan;
- c. the Participant does not submit requested Loan information in a timely manner;
- d. the Participant does not follow the Plan's Loan procedures;
- e. the Participant is going through a divorce and an approved QDRO has not been received by the Plan; or
- f. the purpose of (need for) the Loan is to transfer Individual Account proceeds to an unauthorized third party or the Loan may be a Prohibited Transaction under the Plan, the IRC and/or ERISA.

VII. Calculation of Minimum and Maximum Loan Amounts. The minimum Loan amount is Two Thousand Five Hundred Dollars (\$2,500.00). No Loan amount may exceed the lesser of:

- a. Fifty Thousand Dollars (\$50,000.00) reduced by the highest outstanding Participant Plan Loan balance during the one (1) year period ending on the day before the Loan Application date; or
- b. the greater of fifty percent (50%) of the Participant's Individual Account balance or Ten Thousand Dollars (\$10,000.00).

For example, under the above Subpart (b) a Loan may not exceed \$10,000 or 50% of the Individual Account balance - so if the Account balance is \$22,000, the maximum Loan amount under Subpart (b) could not exceed \$11,000 (1/2 of the balance, which is greater than the \$10,000 floor). The computation under Subpart (b) is compared to the amount determined under Subpart (a) which is the sum of \$50,000 minus the highest outstanding Loan balance within a year, and the lesser of those two computations is the maximum Loan amount.

VIII. Repayment. The maximum Participant Loan repayment period ("Term") is: (i) five (5) years for a regular Loan; and (ii) ten (10) years, if the purpose of the Loan is for the purchase of the Participant's primary residence.

A Participant must repay a Loan through amortized monthly payments. All monthly Loan payments are due by the first (1st) day of each consecutive month during the Term. A Loan payment is delinquent (late) after the fifteenth (15th) of the payment month and shall be subject to a late payment fee of Fifteen Dollars (\$15.00). The postmark date on a mailed payment shall determine whether the payment is late, but for purposes of calculating the principal Loan balance the date a payment is received by the Plan shall apply.

IX. Loan Default. If a Loan payment is not received by the last day of the Calendar Quarter following the Calendar Quarter in which the payment was due, the Loan shall be considered in default. If a Loan is in default, the Trustees (through the Plan Administrator) may notify the Internal Revenue Service. The

outstanding Loan balance (including any accrued and unpaid interest, late fees, attorney's fees and collection costs - "Loan Charges"), if repaid by reduction of the Participant's Individual Account, shall be classified and reported as a Plan Distribution and the Participant may incur tax obligations and penalties. The Trustees may take legal action necessary to recoup the full outstanding Loan balance and any Loan Charges incurred by the Plan.

Generally, a Participant will not be eligible to receive another Loan from the Plan, if the Participant has previously defaulted on a Loan. The Participant may, however, be relieved of this restriction, in the discretion of the Trustees, if:

- a. the Participant repays the original Loan in full to the Plan, including all Loan Charges, before applying for a new Loan; and
- b. the prior Loan default did not occur during the ten (10) year period prior to the Participant's Application for a new Loan.

Repayment of a Loan, previously in default, may not relieve the Participant of any tax obligations and penalties incurred on account of the prior default.

X. Miscellaneous Conditions Applicable to Loan Program.

- a. the maximum Term of a Participant Loan for the purchase of a principal residence is ten (10) years. The maximum Term of a Loan for any of the other listed purposes or needs is (5) years, unless otherwise determined by the Trustees;
- b. a Loan must be adequately secured, generally by: (i) the remaining amount in the Participant's Individual Account; and (ii) a signed promissory note for the amount of the Loan, including interest ("Loan Note");
- c. if married, the Participant's Spouse must provide the Plan with a written notarized consent to the Loan before any Loan Application may be approved;
- d. the Participant must pay interest on the Loan. The interest rate on a Participant Loan is the prime rate published in the Wall Street Journal on the last Friday of the prior Calendar Year, plus one percent (1%)("Rate"). The Loan Rate will be fixed remaining in effect through the Loan Term. The interest a Participant pays on a Loan will be credited to the Participant's Individual Account;
- e. a one (1) time Loan set-up fee of One Hundred Dollars (\$100.00) will be charged to the Participant, subject to change, as determined by the Trustees, and will be deducted from the Participant's Individual Account on the Loan funding date;
- f. in determining whether to approve any Participant Loan, the Plan shall consider the "credit worthiness" of the Participant, including factors such as, income, assets, outstanding debt, past repayment record, credit score, etc. The Plan Trustees have absolute discretion to approve, condition or deny each Loan Application, which Loan decisions shall be rendered on an equitable and consistent basis;

- g. payment of a Loan shall be in equal monthly installments, fully amortized, with no final "balloon" payments. The amount of the Loan, including outstanding Loan Charges, shall reduce the Participant's share of any earnings of the Plan allocated to Participants at each Valuation date;
- h. each Loan payment shall have a grace period of fifteen (15) days, but will result in a late fee of Fifteen Dollars (\$15.00) charged to the Participant for each payment that is more than fifteen (15) days late. Loan Charges, including late fees, may be adjusted under extraordinary circumstances in the discretion of the Trustees. Loan Charges will generally be deducted from the Participant's Individual Account. If any Loan payment becomes ninety (90) days delinquent, then the Plan Trustees may declare the entire Loan due and payable immediately. Written notice shall be sent to the Plan Participant, whereupon the entire Loan delinquency and any Loan Charges may be recouped by and paid to the Plan by deduction from the Participant's Individual Account. This repayment remedy is not exclusive and the Trustees may pursue such other legal and equitable remedies as may be allowed under applicable laws, including enforcement of the Loan Note.
- i. Loan payments are not required during the period a Participant is on military leave and this payment suspension will not be considered a Distribution by the Plan;
- j. in the event of the death of the Participant, the entire outstanding Loan amount, including Loan Charges, shall be deducted from the Participant's Individual Account prior to any Distribution to a Beneficiary; and
- k. if the Participant has an outstanding Loan balance, when a required minimum monthly Distribution is scheduled to be made, as required by law, the Participant must maintain a minimum Individual Account balance not less than the Loan balance and Loan Charges multiplied by a one hundred and two percent (102%). If the Loan balance and Loan Charges exceed this ratio, the Participant will be required to make an additional Loan payment to reduce the Loan balance and Loan Charges to fall within the ratio. Otherwise, if the Participant does not make any such required Loan payment, the Loan will be deemed delinquent and shall be due and payable in full upon written notice to the Participant.

The Trustees of the Plan may amend this Participant Loan Rule (Loan Policy) in compliance with applicable law at any future date.