

Explanation of Distribution Options

Annuities

- *Single Life Annuity* - A Single Life Annuity is the automatic form of payment for the Plan, unless (a) you are married; or (b) your account balance does not exceed \$5,000. If your benefits are paid as a Single Life Annuity, your account balance will be used to purchase an annuity for your life. After you die, no further payments will be made to your estate or any designated beneficiary.
- *Joint and Survivor Annuity* - The Joint and Survivor Annuity is the automatic form of payment for the Plan unless (a) you are not married; (b) your account balance does not exceed \$5,000; or (c) your spouse agrees otherwise. If your benefits are paid as a Joint and Survivor Annuity, your account balance will be used to purchase an annuity from an insurance company. The annuity will provide you with a monthly payment for your life. When you die, the person to whom you were married when payments to you began will also receive monthly annuity payments for life equal to one-half of your monthly payments. (If your spouse dies before you do, no survivorship benefit will be paid and the amount of your monthly payment will not change.)
- *Qualified Optional Survivor Annuity* - The Qualified Optional Survivor Annuity is available to you if (a) you are married and (b) your account balance equals or exceeds \$5,000. If your benefits are paid as a Qualified Optional Survivor Annuity, your account balance will be used to purchase an annuity from an insurance company. The annuity will provide you with a monthly payment for your life. When you die, the person to whom you were married when payments to you began will also receive a monthly annuity payment for life equal to seventy-five percent (75%) of your monthly payments. The Qualified Optional Survivor Annuity is actuarially equivalent to the Joint and Survivor Annuity, meaning the two payment streams have the same present value. (If your spouse dies before you do, no survivorship benefit will be paid and the amount of your monthly payment will not change). With the Joint and Survivor Annuity and the Qualified Optional Survivor Annuity, it is important to understand that because your spouse will receive a survivor annuity if he or she survives you (50% under the Joint and Survivor Annuity Option and 75% under the Qualified Optional Survivor Annuity Option) the relative financial effect of a both Survivor Annuities is to reduce the monthly payments that you would have received if payments had been made to you as a single life annuity.
- *Additional Information Regarding Annuities* - The monthly annuity payments that can actually be purchased with your account balance will depend upon (a) your age in the case of a Single Life Annuity or the age of you and your in spouse in the case of a Joint and Survivor Annuity or Qualified Optional Survivor Annuity; (b) when benefits are to commence; and (c) the current annuity rates available from an insurance company selected by the Board of Trustees. Such rates fluctuate over time as interest rates fluctuate. If you are interested in an estimate of what the monthly annuity payments would be to you under a Single Life Annuity, or to you and your spouse under either a Joint and Survivor Annuity or a Qualified Optional Survivor Annuity, please contact the Local No. 8 IBEW Fund Office for more information.

Lump Sum Options

If you elect any of the following lump sum options, you will have no remaining interest in the Plan after payment. If you are married, your spouse must agree to any of the lump sum options unless your account balance does not exceed \$5,000.

- *Lump Sum Payment* - If you elect a lump sum payment, your account balance will be paid to you in a single sum. The amount of your lump sum payment will be based on the current value of your account in which the Board of Trustees approves your application for benefits.
- *100% Rollover* - If you elect a 100% Rollover, a check for the entire amount of your account balance will be made payable to the financial institution (IRA) or the Trustees of the qualified plan. The check will be mailed to the financial institution unless you are using your social security number as the account number. In this situation, it is your responsibility to deliver the check to the financial institution or qualified plan designated above. You may designate more than one financial institution (IRA) and/or qualified plan to receive portions of your account balance in a direct rollover. If so requested, specific percentage allocations are required.

A 100% Rollover election (as well as election of a Partial Rollover, Rollover of installment Payments, or Rollover of Partial Distributions) is conditional upon providing the Administrative Manager with a written statement from the financial institution (IRA) or qualified plan designated above that it will accept the rollover and that it is eligible under Federal tax laws, to receive a direct rollover. The statement must accompany the Application for Benefits delivered to the Plan office for further processing of the benefit to occur.

- *Partial Rollover* - If you elect a Partial Rollover, a portion of your account balance will be distributed to you in the same manner as a Lump Sum Payment described above, and the balance of your account will be paid as a Rollover in the same fashion and subject to the same requirements as a 100% Rollover described above. You will designate the portion distributed to you and the portion that is paid in a Rollover.

Installment Options

- *Installment Payments* - Monthly, quarterly, or annual payments can be elected. If you are married, you may only elect this option with the consent of your spouse. If you elect installment payments, you indicate in your application:
 - a) When you want the payments to begin;
 - b) The frequency of the payments (i.e., monthly, quarterly, or annually);
 - c) The amount of the payments

After your request has been approved, you will receive monthly, quarterly, or annual payments until your account balance is zero.

The amount of your payment must be at least as much as is necessary to satisfy the minimum distribution requirements imposed by the Internal Revenue Service under Federal law. The Administrative Manager will inform you if you are affected by this requirement.

At any time, you may request a change in the amount of your payment, effective for payments scheduled to be made after that month. To request a change in your payment, please contact the Administrative Manager to obtain the necessary forms. In addition, if you have elected and have been receiving installment payments, you may request at any time during a year, to receive the remaining balance of your account in a Lump Sum or as a rollover. Your written request to accelerate payment of the balance of your account must be filed with the Administrative Manager at least thirty (30) days in advance of the month in which your request is submitted to the Board of Trustees for approval. The amount of your final payment (whether as a Lump Sum or Rollover) will be based on the value of your account as of the close of the month in which your application is approved. To obtain the necessary forms, please contact the Administrative Manager.

Partial Distributions

- *Partial Distributions* - In any Plan Year (i.e., the 12 month period beginning January 1st and ending December 31st), you may elect a payment to you of part of your account balance in the amount that you designate. The remaining portion of your account will remain invested in the Plan. You may also elect to have all or a portion of such Partial Distribution paid as a Rollover. If you are married, your spouse must consent to your election of a Partial Distribution (even if all or a portion of the Partial Distribution is paid as a Rollover).

Special Separation From Service Distribution

- *Special Separation From Service Distribution* - Effective November 1, 2009, you can elect to receive a Special Separation From Service Distribution if (a) You are involuntarily laid off; (b) Employer contributions to the Plan have not been made on your behalf for twelve (12) months; and (c) you are not working within the industry during this six (6) month period. This distribution is a monthly installment distribution of up to three thousand five hundred (\$3,500) per month for six (6) months beginning after you meet the criteria explained in the previous sentence. To elect this distribution, you must sign the Election

Against Single Life Annuity with Spousal Consent. The total amount of installment payments made to you cannot exceed your account balance. The monthly installment distributions will continue after six (6) months unless you elect to discontinue them at an earlier time or make a termination distribution election.

You are also eligible for this distribution if you are (a) involuntarily terminated; (b) you meet the rules above at any time during the previous twelve months (i.e., no contributions for six months and now working in the industry); and (c) you have exhausted state unemployment compensation. You are eligible for 12 monthly distributions of \$3,500 or less. However, the maximum number of distributions is lowered by the number of distributions received under the original Special Separation from Service Distribution.

Income Tax Withholding Requirements

- In general, effective January 1, 1993, the Plan is required by Federal Law to withhold twenty percent (20%) of certain types of Plan payments (known as “eligible rollover distributions”) to satisfy income tax withholding requirements unless you elect a “direct rollover” of such payment to an IRA or qualified plan. Lump sum payments of your account balance, and in some cases, monthly payments of your benefits, are considered “eligible rollover distributions.” Therefore, if you elect a lump sum payment, installment payments with an expected distribution period of less than ten (10) years, or partial distributions, the Plan will automatically withhold twenty percent (20%) of such payments for Federal Income Taxes unless you elect a “direct rollover” of your payment.
- A detailed explanation of these rules is contained in the attached Notice entitled “Legal Notices Regarding Plan Benefits.” You should read this Notice carefully before deciding upon your payment option. You may also wish to consult with a professional tax advisor before making your decision.