

NECA-IBEW MEMPHIS RETIREMENT PLAN

December 2020

SUMMARY OF MATERIAL MODIFICATION TO THE NECA-IBEW MEMPHIS RETIREMENT PLAN

The Trustees are providing this Summary of Material Modifications (SMM) to inform you of changes that were recently made to the NECA-IBEW Memphis Retirement Plan (the “Plan”), which are described below. Please keep a copy of this SMM with your Summary Plan Description (SPD).

Change to Required Beginning Date:

The “Required Beginning Date” (RBD) is the latest date in which distribution payments under the Plan must begin. A certain portion of the distribution, called the “Required Minimum Distribution” (RMD) is required to begin at this time.

Under the *old rule*, the RBD was defined for a participant who is not a 5% owner as the April 1st of the year following the year in which a participant reaches age 70-1/2 or, if later, the date he/she retires.

The *new rule* is effective January 1, 2020 and defines a participant’s RBD as the April 1st of the year following the year in which the participant:

- turns the later of age 72 or retires, for participants who are not 5% owners and who turn age 70-1/2 after December 31, 2019,
- turns age 72, for participants who are 5% owners and who turn age 70-1/2 after December 31, 2020.

What’s the Effect of the Required Beginning Date Change?

1. If the participant reached age 70-1/2 prior to January 1, 2020, the *old rule* will continue to apply. For example:

The participant is a 5% owner, as of October 28, 2019 he/she was age 70 and 6 months and he/she stopped working in covered employment on November 30, 2019. The participant’s RMD payments began no later than April 1, 2020.

The participant is not a 5% owner, as of May 15, 2019 he/she was age 70 and 6 months and he/she stopped working in covered employment on February 1, 2020. The participant’s RMD payments are required to begin no later than April 1, 2021.

2. If the participant reached age 70-1/2 after December 31, 2019, the **new rule** will apply. For example:

For a participant who is a 5% owner who reaches age 72 in May 2022, the Plan must begin making RMD payments to him no later than April 1, 2023.

For a participant is not a 5% owner who reaches age 72 in August 2022 but continues to work in covered employment, the Plan must begin making RMD payments to him/her no later than:

- (i) April 1, 2023, if the he/she retires by the end of 2022, and
- (ii) April 1 of the year following the year of retirement if he/she retires in 2023 or a subsequent year.

Duration of Distribution to Certain Beneficiaries

The SECURE Act also changed the allowable time period for a participant's beneficiary to receive RMD payments after the participant's death.

- Under the **old rule**, beneficiaries generally could opt to stretch out the deceased participant's RMD payments over the life expectancy of the beneficiary.
- However, the **new rule**, which applies to beneficiaries of participants who die after December 31, 2019, requires beneficiaries to deplete the deceased participant's RMD payments within 10 years of the participant's death, unless certain exceptions apply (i.e. the beneficiary is a minor child or is chronically ill or disabled).

Option to Begin In-Service Distributions at Age 70-1/2

Effective January 1, 2020, a participant may elect to voluntarily start receiving benefits on or after April 1 of the calendar year following the calendar year in which he/she reaches age 70-1/2, even if he/she has not retired.

2020 RMD Waiver Option

Pursuant to the relief provided by the government in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Plan adopted provisions that allow participants and beneficiaries to skip the RMD payment for 2020. If a participant or beneficiary is scheduled to take an RMD this year, the participant or beneficiary may contact the Administrator at (517) 321-7502 and request that the payment be made as scheduled, or be skipped entirely for 2020. Please be advised that if a participant does not contact the Administrator regarding this election, the Administrator will not make the scheduled RMD payment. All RMD payments will resume for calendar year 2021.

If you have any questions regarding this SMM, please contact the Fund Office.

Sincerely,

The Board of Trustees

This summary of material modifications contains only highlights of certain provisions of the NECA-IBEW Memphis Retirement Plan. Complete details are contained in the official Plan Document. In case of conflicts between the wording in this summary of material modifications and the wording in the official Plan Document, the Plan Document always governs. The Plan is subject to change without prior notice to participants.