



# Northern Illinois Annuity Fund

Summary Plan Description  
2019

# Northern Illinois Annuity Fund

Physical: 7525 SE 24<sup>th</sup> St, Ste 200, Mercer Island, WA 98040

Mailing: PO Box 34203, Seattle, WA 98124

Phone: (206) 441-7574 or (800) 732-1121

Fax: (206) 505-9727

Website: [www.niannuityfund.com](http://www.niannuityfund.com)

Administered by  
Welfare & Pension Administration Service, Inc.

April 17, 2020

**To: All Plan Participants**

**Re: Northern Illinois Annuity Fund – Hardship Withdrawal Plan Changes**

***Important Information:*** Please be sure you and your family read this notice carefully and keep it with your benefit booklet or important paperwork for future reference.

The Board of Trustees recently took action to revise the Hardship provisions of the Plan. First, the Trustees increased the total number of Hardship Withdrawals each Participant may take per lifetime from two (2) to three (3) and broadened the scope of permissible hardship withdrawals. Generally, this provision includes expenses for medical care incurred by the participant, spouse, or any dependent, and now to also include any medical expenses of a close family relative of the participant. Second, the Trustees adopted a Plan Amendment to incorporate the requirements of the SECURE ACT changing the age for calculating Required Minimum Distributions (RMD's) from age 70 1/2 to 72.

1.) **Hardship Provisions** – The Plan states a hardship withdrawal is currently permitted for any of the following reasons:

1. To pay medical expenses, as described in Section 213(d) of the Internal Revenue Code, which are incurred by you, your spouse, your dependent children or your primary beneficiary;
2. To purchase (excluding mortgage payments) a principal residence;
3. To pay tuition for post-secondary education for you, your spouse, your dependent children or your primary beneficiary;
4. To prevent the eviction from your principle residence or foreclosure on the mortgage on your principal residence;
5. Burial expenses due to the death of an immediate family member or primary beneficiary; or
6. Home repair due to a natural disaster.

The total number of hardship withdrawals permitted per participant per lifetime, is three.

This is a reminder than you may only withdraw the amount of the actual need (up to 50% of your account balance). The minimum amount that may be withdrawn as a hardship is \$1,000 per withdrawal.

(over)

## 2.) **Required Minimum Distributions (RMD) Age 72**

The Trustees also adopted a Plan Amendment required by the SECURE Act. RMD's from the Plan can be mandatory under IRS regulations for Participants after attaining certain ages. Prior to December 31, 2019, a Participant aged 70 ½ was required to monitor and apply for a distribution of certain amounts based on a formula and calculation. In December 2019 Congress adopted the SECURE Act effective as of January 1, 2020 which changed the reference age used calculate RMD's from qualified defined contribution plans from age 70 ½ to age 72.

**General Notice Paragraph (below) not intended to be tax or legal advice from the Plan:** A general notice that Participants should consult with an individual tax professional if considering RMD's because this issue is often unique and complicated. In addition, there were several recent legislative changes to the RMD rules that can impact Participants and Beneficiaries. Advice for members participating in multiple qualified defined contribution plans can vary depending on the circumstances and the Participant.

**Board of Trustees  
Northern Illinois Annuity Fund  
EIN: 36-3449836; Plan Number: 001**

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**Administered by  
Welfare & Pension Administration Service, Inc**

Dear Participant:

On June 25, 1981 the Board of Trustees of the Northern Illinois Annuity Fund adopted, by resolution and as part of the Agreement and Declaration of Trust establishing the Northern Illinois Annuity Fund, a defined contribution annuity plan governed by a plan document known as The Rules & Regulations of the Northern Illinois Annuity Plan. The Rules & Regulations have been amended from time to time to improve administration of the plan and to conform to changes in federal law. This booklet describes in detail the benefits provided through the Northern Illinois Annuity Fund as of January 2019.

The Annuity Fund was created as one more response to the recognized need of workers for a means to accumulate money to protect themselves and their families in the event of death or disability during the working years, and to provide an additional measure of financial security in retirement. It is similar to a wage-earnings plan in that a participant's benefit is equal to the actual contributions paid on his or her behalf to the Annuity Fund plus investment earnings minus a service charge for administration. It has the advantage over a savings plan in that *contributions* made to the Fund and interest earnings on the accumulated contributions are not taxable to the participant as current income.

The text of the actual Annuity Fund Rules and Regulations, which is the official Fund document, can be examined at the Plan Administrator's office. However, in order to help you understand this program, we have condensed the Rules into a series of questions and answers which summarize and explain the major circumstances affecting your benefits and other rights under the program.

We urge you to keep this booklet in a place of safekeeping for future reference and to discuss its contents with your family. The booklet contains information concerning important benefits to which you and your beneficiary may be entitled. This booklet, however, is not meant to interpret, extend or change the Annuity Fund Rules in any way. In case of a conflict between this booklet and

the actual provisions of the Annuity Fund Rules & Regulations, the provisions of the Annuity Fund Rules & Regulations will govern your rights and benefits.

If you have any questions about the Fund or desire any additional information, please contact the Annuity Plan Administrator's office; the people there will be happy to assist you.

Respectfully submitted,

BOARD OF TRUSTEES  
NORTHERN ILLINOIS ANNUITY FUND

## IMPORTANT INFORMATION

Effective Date: June 25, 1981  
Fiscal Year End Date: May 31  
Plan Name: Northern Illinois Annuity Fund  
Type of Plan: Defined Contribution Profit Sharing Plan  
Plan Sponsor: Northern Illinois Annuity Fund Board of Trustees  
c/o WPAS, Inc.  
P.O. Box 34203  
Seattle, WA 98124-1203  
(800) 732-1121

The Board of Trustees of this Fund consists of representatives of participants from Laborers' Union Locals #32, #309, #393, #681 and #727, affiliated with the Laborers' International Union of North America and of representatives of various employers who have entered collective bargaining agreements providing for contributions to the Fund. A complete list of the contributing employers and participating employee organizations with respect to the Fund can be obtained by participants and beneficiaries upon written request to the Plan Administrator, and is available for examination by participants and beneficiaries, as required by DOL Regs §§ 2520.104b-1 and 2520.104b-30.

Employer  
Identification Number: 36-449836  
Plan Number: 001  
Plan Administrator: Northern Illinois Annuity Fund  
Board of Trustees  
c/o WPAS, Inc.  
P.O. Box 34203  
Seattle, WA 98124-1203  
(800) 732-1121

Type of Administration: Administered by the Northern Illinois Annuity Fund Board of Trustees under a Trust Agreement dated June 25, 1981, as Restated June 13, 1996 and as amended from time to time.

Funding Medium: Trust  
Trust Name: Restated Agreement and Declaration of Trust

## Establishing the Northern Illinois Annuity Fund

Plan Termination  
Insurance:

Each participant's benefit under the Fund is the balance in the individual account maintained for such participant. This type of individual account plan is not insured by the Pension Benefit Guaranty Corporation under Title IV of ERISA. Accordingly, in the event of termination of the Fund, each participant's benefits would be determined by the balance in the participant's individual account in the Fund at the time of termination.

Agent for Service of  
Legal Process:

Fund Counsel  
Dowd, Bloch, Bennett, Cervone, Auerbach & Yokich  
8 S. Michigan Ave.  
Chicago, IL 60603

The Board of Trustees of the Northern Illinois Annuity Fund is the Plan Administrator.

The Trustees have contracted with WPAS, Inc. to provide administrative services to the Northern Illinois Annuity Fund. The Board of Trustees also acts as the Representative for the Plan Sponsors.

The Northern Illinois Annuity Fund has established a web site to provide you with immediate access to your plan information. The site located at: [www.niannuityfund.com](http://www.niannuityfund.com)

Includes the following Fund related material:

- ❖ Plan Booklet and Summary of Material Modifications
- ❖ Forms
  - Change of address
  - Beneficiary designation
  - Application for Plan Benefits
  - Hardship Rules
- ❖ Links to Local Unions
- ❖ Plan Administrator's Contact Information

The web site also provides a link to "Member Login" displaying contact information, work history, annuity plan balance and/or withdrawals. This site may be viewed through a secure location requiring you to register on the site. To register and create your account, please follow the steps below:

- ❖ Go to the Fund website at [www.niannuityfund.com](http://www.niannuityfund.com)
- ❖ Click on the "Member Login"
- ❖ Following the registration steps. You will need the following

information to register –

- Email address
- First and Last name
- Last 4 digits of your social security number
- Date of birth
- Zip code

Once you have successfully created an account, a code will be emailed to you granting access to your personal benefits information.



## BOARD OF TRUSTEES

As of January 1, 2019, the Trustees of this Annuity Fund are:

### EMPLOYER TRUSTEES:

**Joel Sjostrom, Secretary**

Sjostrom & Sons  
1129 Harrison Ave.  
Rockford, IL 61104

**Glen Turpoff**

Northern Illinois Building  
Contractors Assoc.  
1111 S. Alpine Rd., Suite 202  
Rockford, IL 61108

**Michael Leopardo**

Curran Construction  
2220 County Farm Rd.  
DeKalb, IL 60115

**Christopher Wood**

Elliott & Wood, Inc.  
P.O. Box 544  
DeKalb, IL 60115

### UNION TRUSTEES

**Frank Hovar, Chairman**

Laborers Local 32  
7404 Cherryvale N Blvd  
Rockford, IL 61112

**Kevin Dale**

Laborers Local No. 393  
322 Main Street  
Marseilles, IL 61341

**Fortunato Salamone**

Laborers Local No. 32  
7404 Cherryvale North Blvd.  
Rockford, IL 61112

**Jose Zamarripa, Jr.**

Laborers Local No. 681  
4004 N. Cass Ave.  
Westmont, IL 60559

**James Lawson Jr**

Laborers Local No. 727  
768 Bloody Gulch Rd.  
Dixon, IL 61021

**Brad Long**

Laborers Local 309  
2835 7<sup>th</sup> Ave.  
Rock Island, IL 61201

### LEGAL COUNSEL

Dowd, Bloch, Bennett, Cervone, Auerbach & Yokich  
8 S. Michigan Ave., Suite 1900  
Chicago, IL 60603  
(312) 372-1361; Fax (312) 372-6599

## **QUESTIONS AND ANSWERS ABOUT THE ANNUITY FUND**

The questions and answers which follow are meant to give you an outline of how the Annuity Fund works. It is not possible to cover all of the Fund provisions in these questions and answers, but they will give you an overview of the program. The Fund Rules and Regulations govern a participant's rights to benefits. You should refer to the full text of these rules in order to determine your rights under the Annuity Fund. Whenever the context requires, the gender of words shall be interchangeable. **In the event there is a conflict between a statement in this booklet and the Fund Rules and Regulations, the terms of the Rules and Regulations control.**

### **WHAT WAS THE EFFECTIVE DATE OF THE ANNUITY FUND?**

The Annuity Fund became effective as of June 25, 1981, by the execution of an Agreement and Declaration of Trust dated June 25, 1981. Since its effective date, the Fund documents have been amended from time to time to comply with certain IRS requirements and to clarify the audit responsibilities, and the powers and responsibilities of the Trustees.

### **HOW DO I KNOW IF I AM A PARTICIPANT IN THE ANNUITY FUND?**

If you were a member in good standing of Local 32 or Local 109 of the Laborers' International Union of North America ("LiUNA") on June 25, 1981, you automatically became a participant in the Fund on June 25, 1981. If you were not a member at that time, you would have become a participant as soon as you began working for any employer who has signed a Collective Bargaining Agreement or other agreement which requires your employer to make contributions to the Northern Illinois Annuity Fund. The Local Unions that currently participate in the Fund are LiUNA Locals including: Local 32, Local 309, Local 393, Local 681 and Local 727.

### **HOW IS THE PLAN FUNDED?**

All contributions to the Annuity Fund are paid for by employer contributions. No employee contributions are permitted, except for qualified plan rollovers as discussed later in this booklet.

### **WHO ADMINISTERS THE ANNUITY FUND?**

The Annuity Fund is administered by a Board of Trustees. The Trust provides for equal representation on the Board of Trustees by the participating Unions and the participating Employers. The Trustees have sole and exclusive discretion to interpret all sections of the Plan Document and the interpretation of the

Trustees shall be binding on all Participants.

## **HOW MUCH IS MY BENEFIT?**

The amount of benefit for each participant is the amount in the Individual Account at the time he or she qualifies for an account distribution. Generally, a Participant benefit is the sum of all contributions made over the years to his/her Individual Account, plus interest earned, minus a charge for administration expenses.

## **WHAT IS AN INDIVIDUAL ACCOUNT?**

An Individual Account is the account established for each participant. An Individual Account is established for you upon receipt of employer contributions made on your behalf. All employer contributions for the participant are credited to the Participant's account as they are received from the employer. Your investment earnings or losses, less administration expenses, are credited to your account as of each Valuation Date.

## **WHAT ARE THE VALUATION DATES?**

The Valuation Dates are the final day of February, May 31, August 31 and November 30 of each year. All factors (contributions, investment income, changes in market value of investments and administration expenses) for determining the value of your Individual Account are calculated as of these dates. Since investment income is calculated, and hence added to your account, as of each of these Valuation Dates, any distribution of an Individual Account between Valuation Dates will be based upon investment income as of the previous Valuation Date and will not include any investment income made by the Fund since the last Valuation Date.

## **HOW WILL I KNOW HOW MUCH IS IN MY INDIVIDUAL ACCOUNT?**

Twice a year (semi-annually) the Fund will prepare and mail to you a statement showing the value of your Individual Account as of the latest Valuation Date. The statement will show your previous balance, plus the total amount of employer contributions received by the Fund on your behalf since the last statement date, plus your proportionate share of the gross investment yield earned by the Fund since the last semi-annual statement, minus your share of the administration expenses incurred by the Fund since the last statement. It is important that you keep the Plan Administrator advised of any changes of address. If you do not receive a statement semi-annually or if it is lost, you can contact the Plan Administrator's office to get information on the amount in your Individual Account. These statements are expected to be mailed as soon as practicable after the last day of each semi-annual period.

## **WHAT ARE THE ADMINISTRATION EXPENSES CHARGED AGAINST MY INDIVIDUAL ACCOUNT?**

Administration expenses are costs incurred by the Trustees in administering the Plan and any other expenses or costs incurred by the Trustees. These expenses are totaled at least semi-annually and then divided by the total number of Individual Accounts so that each account is charged the same amount for administration expenses. If an account does not have sufficient funds to pay its proportionate share of administration expenses, it will be reduced to zero and the remaining expenses will be divided evenly between accounts with sufficient funds.

## **HOW WILL THE TRUSTEES KNOW WHERE TO SEND MY STATEMENTS?**

**It is your responsibility to file with the Plan Administrator's office your current mailing address and the current mailing address of any designated beneficiary.** All statements, communications and notices will be sent to you (or your beneficiary, if applicable) at your last known mailing address as filed with the Plan Administrator's office.

## **HOW WILL THE ANNUITY FUND ASSETS BE INVESTED?**

The Trustees are responsible for holding and investing all trust fund assets. They seek advice from independent investment professionals and invest with the goal of securing reasonable investment yields consistent with safe financial management. The investment earnings that will be credited will include both interest and changes in the market value of the Fund's total investments as of any Valuation Date. The Trustees intend to make prudent efforts to invest these funds to produce favorable earnings for participants, but the investment results are not guaranteed. If the market value of the Fund's total investments is lower than the total amount in all Individual Accounts as of any Valuation Date, the value of each Individual Account will be reduced proportionately.

## **WHEN WILL I RECEIVE PAYMENTS FROM THE ANNUITY FUND?**

In general, you (or, in the event of your death, your beneficiary) are eligible to receive the amount in your Individual Account when:

1. you reach age 62 (also referred to herein as "Normal Retirement Age"); or
2. you otherwise begin receiving retirement benefits from a qualified pension plan with the same Normal Retirement Age maintained primarily for the benefit of persons employed within the construction industry; or
3. you die; or

4. you become totally and permanently disabled as determined by the Trustees; or
5. you have not worked in Covered Employment (employment where contributions are made on your behalf to the Fund) for at least 12 consecutive months.

Special rules may apply to you if your entire Individual Account is derived from contributions made pursuant to employment covered by the National Pipe Line Agreement. Further information about these special rules is available from the Plan Administrator's office at no charge upon request. The actual distribution of the funds in your Individual Account will be made or commenced, within an administratively reasonable time after the occurrence of the qualifying event above.

### **CAN I RECEIVE THE MONEY FROM MY INDIVIDUAL ACCOUNT AT THE SAME TIME THAT I BEGIN TO RECEIVE ANOTHER CONSTRUCTION INDUSTRY PENSION?**

Yes.

### **WHAT CRITERIA DO THE TRUSTEES USE TO DETERMINE IF I AM TOTALLY AND PERMANENTLY DISABLED?**

You shall be deemed to be totally and permanently disabled only if you are eligible to receive a disability pension from the Social Security Administration, or, if the Trustees, in their sole discretion and final determination, find, that on the basis of medical reports and other satisfactory evidence, that:

1. you are totally disabled from an injury, disease or mental condition that can be medically diagnosed by a physician and that was not the result of a self-inflicted injury; and
2. the disability will permanently, continuously and wholly prevent you from maintaining any employment within the construction industry.

The Trustees reserve the right to require you to submit to an independent medical examination to be conducted by a physician or physicians of their choice.

### **HOW WILL ANNUITY PAYMENTS BE MADE?**

If you are eligible for payment because you

1. attain age 62, or
2. otherwise begin receiving retirement benefits under a qualified pension plan maintained primarily for the benefit of persons

3. employed within the construction industry, or become disabled, or
4. have not worked in Covered Employment for at least 12 consecutive months,

you will receive your fund benefits in the form of a Qualified Joint & Survivor Annuity (or a Qualified Optional Survivor Annuity, if you so elect), if you are married. If you are not married at the time you become eligible for distribution, or if **you and your spouse** consent to waive your right to receive your benefits in the form of a Qualified Joint & Survivor Annuity (or Qualified Optional Survivor Annuity), you may choose one of the three (3) optional methods of distribution, which are described below. You will see below that a special form of waiver is required and that this form is available at the Plan Administrator's office.

### **DO I HAVE OTHER OPTIONS FOR THE DISTRIBUTION OF THE FUNDS IN MY INDIVIDUAL ACCOUNT?**

Yes, there are three (3) other optional forms of distribution. These options are only available if you are single or if you **and your spouse** waive your rights to receive your funds in the form of a Qualified Joint & Survivor Annuity, a Qualified Optional Survivor Annuity, or a Qualified Pre-retirement Annuity. You and your spouse may consent to such a waiver by completing a form, which will be provided by the Board of Trustees.

The three (3) optional methods of payment are:

1. Payment of your full account balance in one lump sum distribution, or
2. Payments in a series of substantially equal annual (or more frequent, if you so desire) installments over a period not to exceed the greater of: (i) your life expectancy, or (ii) the joint life expectancy of you and a designated individual beneficiary. Equal payments are calculated by determining the amount in your Individual Account and dividing that amount by the number of payments remaining in the period selected above, or
3. Distribution to you of a non-transferable annuity contract payable over your life or over a period permitted in (2) above.

### **WHAT IS A QUALIFIED JOINT & SURVIVOR ANNUITY?**

It is an annuity (or monthly payment) for your life with a survivor annuity for the life of your spouse. The amount of the monthly payment is calculated by an insurance company and will be based on the amount of your individual account, your age and your spouse's age. Your spouse's survivor annuity (or

monthly payment), upon your death, will be one-half (½) of the amount of your original monthly payment. The Plan Administrator will provide you with these figures, if you so desire, at the time you make application for withdrawal of benefits.

### **WHAT IS A QUALIFIED OPTIONAL SURVIVOR ANNUITY?**

It is similar to a Qualified Joint & Survivor Annuity in that it is an annuity for your life with a survivor annuity for the life of your spouse, but electing the Qualified Optional Survivor Annuity results in your receiving lower monthly payments during your lifetime than you would receive under a Qualified Joint & Survivor Annuity and your surviving spouse receiving higher monthly payments after you die than he or she would receive under a Qualified Joint & Survivor Annuity. The amount of the monthly payment is calculated by an insurance company and will be based on the amount of your individual account, your age and your spouse's age. If you elect the Qualified Optional Survivor Annuity, your spouse's survivor annuity (or monthly payment), upon your death, will be seventy-five percent (75%) of the amount of your original monthly payment. The Plan Administrator will provide you with these figures, if you so desire, at the time you make application for withdrawal of benefits.

### **WHAT IS A QUALIFIED PRE-RETIREMENT ANNUITY?**

It is a non-transferable annuity (or monthly payment) for the life of your spouse purchased by the Board of Trustees from an insurance company for the benefit of your spouse. The amount of the monthly payment is calculated by the insurance company and will be based upon one-half (½) of the balance of the funds in your Individual Account and the age of your surviving spouse.

You should note, however, that you shall not be considered married for purposes of the Pre-Retirement Survivor Annuity, if you were married for less than one (1) year before your death. Therefore, if you were married for less than one (1) year, your entire Individual Account will be distributed to your designated beneficiary.

Also note that if the present value of the Pre-Retirement Survivor Annuity does not exceed \$5,000 (and if your surviving spouse would otherwise be entitled to receive a Pre-Retirement Survivor Annuity), your surviving spouse will receive a lump sum distribution in lieu of a Pre-Retirement Survivor Annuity.

### **WHAT IF I LEAVE THE INDUSTRY OR MOVE TO ANOTHER PART OF THE COUNTRY BEFORE RETIREMENT?**

You are still entitled to receive the money in your Individual Account - **but not right away**. In order to show that you have permanently separated from the construction industry in the geographic area covered by this Fund, you must not work in Covered Employment (which is defined as employment with respect to

which contributions are made on your behalf to the Fund) for at least 12 consecutive months. Thereafter, if you so elect, your account will become distributable to you, (or your beneficiary in the event you die during this period) as soon as administratively feasible after you have satisfied the above-referenced requirement.

### **IF I RECEIVE A DISTRIBUTION FROM ANOTHER RETIREMENT PLAN OR AN IRA CAN I ADD IT TO THIS PLAN?**

Yes, provided that the other plan or IRA meets the requirements to be a “qualified plan” under the tax code (including Sections 401(a), 403(b), 408(a), or 457(b) of the Internal Revenue Code), that the funds are not from a designated Roth account or a Roth IRA, and that the following additional conditions are met: the transfer of funds into this plan occurs on or before the 60th day following your receipt of the distribution from the other plan or IRA; or the transfer of funds is made directly from the other plan or IRA.

Furthermore, in every instance described above you must provide the Trustees with all information they request. The Trustees have discretion to determine what is satisfactory evidence that the funds being transferred are part of an eligible rollover distribution. All requests for the Fund to receive rollovers are subject to approval by the Trustees.

### **WHAT IF I DIE BEFORE I BECOME ELIGIBLE FOR PAYMENT OF BENEFITS?**

If you die prior to receiving any distribution of your Plan benefits one-half (½) of your Individual Account shall be distributed to your spouse in the form of a Qualified Pre-Retirement Annuity, if you are married. Your spouse shall have the right to consent in writing to distribution of this one-half (½) of the account balance in any other of the optional forms permitted under the Rules and Regulations of the Fund (including a lump sum) in lieu of receiving a Qualified Pre-Retirement Annuity. The remaining one-half (½) of your account balance shall be distributed to your designated beneficiary (see below). If you are not married at the time of your death, your entire account balance shall be distributed to your designated beneficiary. If you fail to designate a beneficiary, or if your designated beneficiary predeceases you, the Trustees, will pay your Individual Account in the following order of priority to:

- (1) your surviving spouse;
- (2) your surviving children, including adopted children, in equal shares;
- (3) your surviving parents, in equal shares; or
- (4) your estate.



## **WHAT IF I DIE AFTER I BEGIN RECEIVING MY BENEFITS?**

If you die after you begin to receive payments, the remainder of the payments shall continue to be made to your designated beneficiary over the remainder of the term applicable under the distribution method in effect at the time of your death.

## **WHAT IS A DESIGNATED BENEFICIARY?**

A designated beneficiary is the person or persons who will receive your account balance in the event of your death. You may designate a beneficiary of your Individual Account at any time by completing and signing a form furnished by the Trustees. Any person or persons may be named as your designated beneficiary. However, if you are married, your spouse may have an interest, protected by law, in your Individual Account. Your spouse's legal interest in your account may affect your ability to name a beneficiary of your benefits other than your spouse. Therefore, if you want your benefits to go to someone other than your spouse (for example, to your children) you must obtain the written consent (known as a waiver) of your spouse.

In order for this waiver to be effective, it must comply with specific requirements. **The Plan Administrator's office can help in preparing your form.** If you are married your spouse must consent to the form of payment you elect. Trustees will provide you with a waiver form upon request. You must then fill out the waiver form provided by the Trustees completely and accurately, and your spouse's consent must be acknowledged before a Notary Public or a representative of the Fund. Keep in mind, that the Trustees cannot provide you with legal advice as to the effect of executing such a form. Accordingly, you are cautioned to seek the advice of legal counsel regarding the execution of a consent by your spouse.

## **CAN I CHANGE MY DESIGNATED BENEFICIARY?**

**You are entitled to change your beneficiary designation at any time. However, if you are married and you decide to change your beneficiary to name someone other than your spouse, your spouse will need to complete a current waiver form, even if he or she has previously signed one.**

## **WHEN IS MY INDIVIDUAL ACCOUNT DISTRIBUTED IF I CONTINUE TO WORK BEYOND AGE 62?**

If you decide to continue to work beyond age 62 you can elect to receive distribution of your Individual Account. In any event, you will continue to accrue additional benefits under the Plan until you terminate employment at retirement. You are required to begin taking a minimum amount of distributions prescribed by federal tax law after you attain age 70-1/2.

## **CAN I WITHDRAW FUNDS IN THE CASE OF A FINANCIAL HARDSHIP IF I AM NOT OTHERWISE ELIGIBLE TO RECEIVE A PAYMENT OF BENEFITS AT THIS TIME?**

That depends. In the event of a financial hardship which makes a distribution necessary in light of certain types of immediate and heavy financial needs, you may apply to the Trustees in writing for a hardship withdrawal of a portion of your Profit-Sharing Account. You must include documentation of the expenses required to satisfy the immediate and heavy financial need. (i.e. a copy of the eviction notice which specifies the amount required to remedy your rent or mortgage delinquency). The Trustees may require additional documentation that shows you have no other assets to pay these expenses. Hardship withdrawal requests must be in writing and, if you are married, must include your spouse's consent.

Hardship withdrawal requests can only be granted for one or more of the following reasons:

1. To pay medical expenses, as described in Section 213(d) of the Internal Revenue Code, which are incurred by you, your spouse, or your dependent children;
2. To purchase (excluding mortgage payments) a principal residence;
3. To pay funeral expenses of an immediate family member;
4. To pay the costs of repairing your home if it is damaged during a natural disaster;
5. To pay tuition for post-secondary education for you, your spouse, or your dependent children; or
6. To prevent the eviction from your principal residence or foreclosure on the mortgage on your principal residence.

In addition, note that all hardship withdrawals are subject to the following general limitations:

- a. You may receive three hardship withdrawals in your lifetime;
- b. The minimum amount that may be withdrawn as a hardship withdrawal is \$1,000 per withdrawal.
- c. In addition, in no event may the amount of a hardship withdrawal exceed 50% of your total Individual Account balance as of the

Valuation Date immediately preceding the date of the hardship withdrawal.

- d. The amount of the hardship withdrawal shall also not exceed the immediate and heavy financial need described in (1) through (6) above, including amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated thereon.

The Trustees will decide whether and to what extent you are eligible for a hardship distribution based on the information you supply in your application. Application forms are available from the Fund administrator upon request.

**A hardship withdrawal is paid in one lump sum and is taxable income in the year received. The withdrawal will also be subject to a 10% penalty tax unless you are at least 59½. As discussed previously, you can request an amount large enough to cover the additional tax and 10% penalty, subject to the general limitations stated above.**

## **HOW DO I APPLY FOR BENEFITS?**

You should request an application for withdrawal of benefits from the Plan Administrator's office. Payment cannot be made until an application is received at the Plan Administrator's office and approved by the Trustees who are responsible for making sure that all rules of the Northern Illinois Annuity Fund are followed. Each applicant must furnish any information or proof that is reasonably required by the Trustees to determine his or her benefit rights. If an applicant willfully makes false statements on his/her application or submits false information, the Trustees shall be entitled to recover any benefits paid out to the applicant and shall be entitled to reimbursement of any expenses incurred in recovering the benefit payments, including attorney's fees. If the applicant does not immediately pay these expenses the Trustees shall be entitled to deduct them from his/her Individual Account balance.

## **IF MY APPLICATION IS DENIED, DO I HAVE THE RIGHT TO APPEAL?**

Yes, if your application to receive benefits is denied, in whole or in part, you will receive written notice from the Trustees setting forth the specific reasons for denial. After you receive notice of your denial, you (or your authorized representative) have 180 days to file a written appeal with the Plan Administrator's office. You may at this time request a hearing from the Board of Trustees. You also have a right to review pertinent documents and to submit comments in writing.

The Board of Trustees, or their designated representative, will make a decision regarding the appeal within 120 days after it is filed. The decision will be

in writing and will include the specific basis for the decision and specific references to Fund provisions on which the decision was based.

**DO I HAVE TO PAY TAX ON THE MONEY IN MY INDIVIDUAL ACCOUNT?**

That depends. The money in your Individual Account is not considered taxable income until it is distributed. When you (or your beneficiary) receive the money in your Individual Account, it must be reported as taxable income. You (or your beneficiary) may, under certain circumstances, "roll over" a distribution from the fund to another qualified retirement plan, 403(b) plan, 457(b) plan, or to an individual retirement account (IRA) and defer income taxes until you subsequently withdraw amounts from that pension plan or IRA. At the time you make application for withdrawal of your benefits the Plan Administrator will give you information regarding the taxation of your distribution and information on rollovers. If your distribution is eligible for "rollover" treatment you may direct the Plan Administrator, in writing, to transfer your distribution directly to the other retirement plan or IRA.

If you do not direct the Plan Administrator to pay the distribution directly to another qualified retirement plan, 403(b) plan, 457(b) plan, or IRA the Plan Administrator is required to withhold 20% of the distribution and deposit it with the Internal Revenue Service for credit against your income tax liability. Likewise, if you are, for some reason, receiving a distribution of your account balance prior to reaching age 59½, you may also be subject to an IRS penalty of 10% of your account balance for early withdrawal.

You (or your beneficiary) may also be permitted to "roll over" your distribution into a Roth IRA. If you elect to do so, the amount rolled over and converted to Roth treatment will be included on your gross income. The Plan Administrator is, however, not required to withhold 20% of the amount rolled over and converted. If you wish, you may enter into a voluntary withholding agreement with the Plan Administrator if you elect a rollover to a Roth IRA.

To actually determine what may be the best way for you to take the money in your Individual Account (lump sum or monthly payments or rollover) and the tax consequences of any payments you receive, you should discuss your particular circumstances with a competent tax advisor. The Trustees or the staff at the Plan Administrator's office cannot advise you in this matter.

**IF I OWE MONEY, CAN I SIGN OVER MY RIGHTS TO MY INDIVIDUAL ACCOUNT?**

**No. The Annuity Fund contains a provision forbidding any assignment,**

## **pledging or otherwise disposing of your annuity payments.**

### **WHAT HAPPENS TO MY INDIVIDUAL ACCOUNT IF I GET DIVORCED?**

Nothing, unless the Plan Administrator is served with a copy of a Qualified Domestic Relations Order (as defined under Section 414(p) of the Internal Revenue Code) in your divorce lawsuit. Legal counsel for the Fund will determine if the court order is indeed qualified. **You may wish to seek counsel from your own attorney on this issue.** The Fund has written procedures for processing Qualified Domestic Relations Orders. Copies of these procedures and a sample Qualified Domestic Relations Order are available from the Plan Administrator at no charge upon request.

The Fund will impose a processing fee of Three Hundred Dollars (\$300.00) for each Domestic Relations Order submitted to the Fund. The fee will be deducted one-half from your account and one-half from the amount distributed to the alternate payee under the Order. In the event that your entire account is distributed to the alternate payee under the Order, the entire fee shall be deducted from the account distributed to the alternate payee.

If the Order is determined to be qualified the Trustees may elect to separate that portion of your Individual Account that is designated under the Order as belonging to your spouse and to invest the segregated account in federally insured, interest-bearing savings accounts or time deposits, or a combination of both, or in other fixed income investments. Any such segregated sub-account shall remain a part of the Fund, but it alone shall share in any income it earns, and it alone shall bear any expense or loss it incurs. When your former spouse is entitled to distribution of his or her portion of your Individual Account (as set forth in the court order) he or she will have to make formal application for withdrawal of those funds at the Plan Administrator's office in the same manner as any other participant.

### **WHEN IS MY INDIVIDUAL ACCOUNT FULLY VESTED?**

Your Individual Account is at all times fully vested and non-forfeitable, subject only to any reduction that might result from the allocation of administrative expenses or adverse investment results.

### **WHAT HAPPENS IF THE PLAN IS TERMINATED?**

The Plan was adopted with the expectation that it would be permanent. However, if the Plan is terminated, you will be fully vested in your Individual Account balance.

Upon termination of the Plan, the assets of the Fund would be distributed after payment of all administrative costs. Each participant would receive that part of the total remaining assets in the same ratio as his or her Individual Account bears to the total amount of the Individual Account of all the participants. No part of the assets would be returned to any Employer or the Union. If a participant cannot be located and no claim is made for him for payment of his or her Individual Account within six (6) months following the sending of notice by registered mail to the participant's last known address, his or her Individual Account would be forfeited and distributed proportionately to all participants to whom payments have or can be made. See the Plan Rules And Regulations, Article A-IV; Section 14 for additional information about Unclaimed Accounts.

**ARE MY BENEFITS IN THE PLAN AFFECTED BY MY ACTIVE MILITARY SERVICE DURING MY PARTICIPATION IN THE PLAN?**

**Maybe. If you are a veteran and are reemployed under the Uniformed Services Employment and Reemployment Rights Act of 1994, your qualified military service may be considered service with your Employer. There may also be benefits for participants who die or become disabled while on active duty. If you think you may be affected by these rules, ask the Plan Administrator for further details.**

**DISQUALIFICATION OF PARTICIPANT STATUS – LOSS OR DENIAL OF BENEFITS.**

There are no specific provisions which provide for a disqualification of your status as a participant or for denial or loss of benefits.

## ADDITIONAL FUND INFORMATION

If an individual account balance does not exceed \$5,000, the Trustees may, in their discretion, distribute the account in a lump sum to you at the time you become eligible to receive benefits or to your spouse if benefits become payable by reason of your death.

All contributions to the Annuity Fund are made by employers in accordance with Collective Bargaining Agreements or other agreements with Local Unions or the District Council affiliated with the Laborers' International Union of North America, AFL-CIO, which require contributions to be paid to the Annuity Fund. Copies of those agreements are available for examination by participants and beneficiaries, as required by DOL Regs §§ 2520.104b-1 and 2520.104b-30, without charge, at the Plan Administrator's office, or may be obtained, upon written request, to the Plan Administrator for a nominal copying charge fee.

If you have any questions or problems as to benefit payments, you have the right to obtain answers from the Trustees who administer the Fund. The same basic rights have now been incorporated in the Employee Retirement Income Security Act, which Congress adopted in 1974, for application to all benefit plans. These rights are as follows:

### STATEMENT OF RIGHTS UNDER EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.

**Participant Rights under ERISA.** As a participant in the Northern Illinois Annuity Fund you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 as amended (ERISA). ERISA provides that all plan participants shall be entitled to:

**Receive Information About your Plan and Benefits.** Specifically, you may:

- (a) Examine, without charge, at the Plan Administrator's office all Fund documents, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the Fund with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- (b) Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Fund, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.

- (c) Receive a summary of the Fund's Annual Financial Report. ERISA requires the Plan Administrator to furnish each participant with a copy of this Summary Annual Report.
- (d) Obtain a statement telling you that you have a right to receive a retirement benefit at Normal Retirement Age (Age 62) under the plan and what your benefit could be at Normal Retirement Age if you stop working now. You must request this statement in writing. The law does not require the Plan Administrator to give this statement more than once a year. The Fund must provide the statement free of charge.

## **Prudent Actions by Plan Fiduciaries.**

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit fund. The people who operate your plan, called "fiduciaries" of the plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer, your union or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a retirement benefit or exercising your rights under ERISA.

## **Enforce Your Rights.**

If your claim for a retirement benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a Federal court. In addition, if you disagree with the Plan's decision of lack thereof concerning the qualified status of a domestic relations order, you may file suit in Federal court. If it should happen that plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for



example, if it finds your claim is frivolous.

### **Assistance with Your Questions.**

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

The Plan Administrator's office, upon written request, will provide to participants and beneficiaries a complete list of the employers and employee organizations sponsoring the plan, information as to whether a particular employer or employee organization is a sponsor of the plan and, if it is a plan sponsor, the sponsor's address.

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The foregoing has been only a brief and general description of the fund and is not meant to interpret or change in any way the Fund Rules and Regulations. The Trustees reserve the right to amend, modify, or discontinue all or part of this Fund whenever, in their judgment, conditions so warrant. **In the event there is a conflict between a statement in this booklet and the Rules and Regulations, the terms of the Rules and Regulations control.**



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