



Elevator Constructors Union Local No. 1
Annuity and 401 (k) Plan
Retirement Seminar
November 4, 2021

LOCAL NO. 1 ANNUITY AND 401(k) PLAN

How will I know how much is in my Annuity Account?

- ❖ The Fund Office will send you a Statement each quarter or you can view your statements on Participant Edge :
<https://edge.zenith-american.com/landingPage.php>
- ❖ You will also receive an Annual Statement which will show the Investment Income and Administrative Expense for the prior year.
- ❖ Annual Statements are generally mailed at the end of May or beginning of June, when the returns of all the Fund's Investment Managers have been calculated and verified.

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When can I withdraw my Account?

- ❖ Age 65
- ❖ Leave the Industry (no contributions for 6 months)
- ❖ Retire from the NEI Pension Plan
- ❖ Separate from service from all participating employers at age 55
- ❖ Declared Totally and Permanently Disabled by SSA
- ❖ Attain age 72 - Required Minimum Distribution must be paid

Am I required to take my Account when I retire or leave the Industry?

No, unless you are age 72 and then you must receive a Required Minimum Distribution.

However, if you are 72 and still working, you can delay tapping into your Annuity



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How will my Annuity Account be Paid to Me?

1. **Lump Sum Payment** - Rollover over or direct payment to Participant – to be paid in an 80% / 20% split.
2. **Qualified Joint and Survivor Annuity** (monthly benefit to Participant with survivor benefit to spouse) – Available for Annuity Account only
3. **Straight Life Annuity** (monthly with no survivor benefit) – Annuity only
4. **Up to 5% of your Annuity Account balance per year** – Available ONLY from January through June 30th for retirees
5. **Monthly Distribution** – Retirees only

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What happens to my Annuity and 401(k) Accounts if I die?

Before & After you Retire:

- ❖ If married, your Spouse receives your Account unless you designated another Beneficiary and your spouse has consented
- ❖ If not married, your Beneficiary
- ❖ Designated Beneficiary under NEI Pension Plan
- ❖ Your children, your parents, your estate

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When should I apply for my Account?

Rules apply for your Annuity Account Only

If your Application is received by the Fund Office **by March 31**, you will receive your Account in two installments in the year in which you apply. If your application is received after March 31, you will receive the 80% installment when you apply and the remainder the following year when the yield is ascertained.

- ❖ 80% of your Account will be paid to you as soon as it is processed, but no earlier than 30 days after the Fund Office receives the Application for Distribution.



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Do I have to pay taxes when I receive my Annuity Account?

Yes

- ❖ Federal, state and local taxes are due when the Account is paid to you. The Fund Office withholds 20% Federal tax. However, if you rollover your Account(s) to a traditional IRA or other qualified plan, no taxes are withheld at the time of the rollover. Taxes are due when you withdraw the money from the IRA or other Plan.
- ❖ If you take a lump sum and do not roll it over or roll over only part of it, the amount paid directly to you is subject to mandatory 20% federal income tax withholding. State taxes will be withheld at your discretion.
- ❖ 10% penalty from the IRS for withdrawal prior to age 59.5 unless rolled over (exceptions include separation from service during or after age 55, retirement due to disability, and alternate payees are also exempt).

Monthly Distributions

- Available to retired participants or participants who have attained age 65, severed from service at age 55, or permanent SSA disability
- If your Application is received by the Fund office before the 15th of the month, your distribution will begin the following month. If your application is received after the 15th, your distribution will begin two months later.
- As with any distribution, all loans must be paid in full prior to receiving your monthly distribution.
- The monthly minimum is \$500 per month and the maximum is \$5,000. The second year of your monthly distribution, your maximum will increase to \$10,000. The monthly amount you elect must be projected to result in at least 12 monthly payments.
- You may change your election amount one time per year before December 15th, to be effective January 1st of the following year. Each time you change your election amount, notarized spousal consent is required.

Monthly Distribution (cont.)

- If you die, your spouse has the option to continue the monthly distribution or take the money. If your beneficiary(s) is not your spouse, the beneficiary(s) will receive the money in a lump sum.
- Your yield is allocated by taking the starting balance in your account, reduced by the amounts distributed to you throughout the year. If your IAA contains a balance of less than \$3,000, you will receive a final payment of the entire remaining balance of your IAA after an adjustment for Administrative Fee and Investment Yield, if applicable.
- If you are age 72 or older, you must receive at least the amount of your RMD. Each year your monthly distributions will be increased to comply with the RMD requirements. Your distributions will be taxed 20% Federal withholding and State taxes can be withheld at your discretion.

Annuity Transfers

- Up to 10% of your IAA can be transferred to a participant-directed retirement account at Vanguard
- **Eligibility to Transfer**
 - Age 55 and separated from service
 - At least age 65
 - Permanent SSA Disability
 - Not in pay status (exception: monthly distributions)

Transfer Window:

- * between November 15th to December 15th (Consider overnighting your application to the Fund Office)
- * you are limited to One transfer election of up to 10% of your IAA each year
- * Transfer to Vanguard will occur as soon as practicable after December 31st



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