

**ELEVATOR CONSTRUCTORS UNION LOCAL NO. 1
ANNUITY AND 401(K) FUND**

SUMMARY OF MATERIAL MODIFICATIONS

This Summary of Material Modifications updates the Summary Plan Description (“SPD”) for the Elevator Constructors Union Local No. 1 Annuity and 401(k) Fund (the “Plan”) dated April 1, 2017. This summary should be kept with your SPD for future reference. All of these changes are effective January 1, 2019, unless a different date is specifically indicated.

Here are some of the important changes described in this Summary of Material Modifications:

- A new Monthly Distribution Option is added for retirees and for participants who are eligible for a distribution when they reach age 65.
- The following three Individual Annuity Account distribution options that were previously available have been removed (other than for participants already in pay status under the applicable option): the 10% annual installment payments plus investment yield option, the lump sum and 10% annual installment payments plus investment yield option, and the investment yield only option.
- IRC Hardship Withdrawals can now be made from your entire IAA attributable to contributions made after June 30, 1992.
- For IRC Hardship Withdrawals, you will no longer be required to first try to meet your financial need by taking any available Plan loans to qualify for a withdrawal, and your 401(k) contributions will no longer be suspended for a period of at least 6 months after you take an IRC Hardship Withdrawal. This applies to new hardship withdrawals beginning January 1, 2019.
- The explanation of administrative expenses has been expanded.

SUMMARY PLAN DESCRIPTION CHANGES

1. On page 8, under the section entitled “**Determining the Value of Your Accounts,**” a new bullet is inserted after the third bullet that provides as follows:

- distributions you take from your IAA and 401(k) account,

2. On page 8, at the end of the paragraph entitled “**IAA valuations**,” the following is added:

The administrative expenses that are subtracted from your IAA are for plan administrative services, such as recordkeeping, accounting, and legal services, as well as some investment-related expenses related to the Annuity portion of the Fund. These expenses, referred to as “administrative expenses,” are allocated to participants’ IAAs under the Plan annually on a per capita basis. Investment expenses not included in administrative expenses are netted from investment yield.

3. On pages 12-15, the section entitled “**Optional Forms of Payment**” under the “Individual Annuity Account (IAA) Benefits” section is deleted and replaced with the following:

Optional Forms of Payment

Whether you are married or single, you may elect an optional form of payment, rather than the normal form that applies to you, if you feel one of the optional forms better suits your personal needs. If you are married, your spouse must give his or her voluntary written, notarized consent in order for your election of an optional form of payment to be effective.

Descriptions of the optional forms of payment available under the Plan as of January 1, 2019 follow. You may elect any one of the optional forms for which you are eligible regardless of your marital status, except that you must be married to elect the 75% Qualified Joint and Survivor Annuity.

Remember, you must pay off any outstanding loans from the Plan (with accrued interest) before you may receive a distribution or else your outstanding loan balance will be deducted from your distribution amount.

- **Lump sum.** Your IAA will be paid in a 80%/20% split so as to participate in investment yield and administrative fees during the year of distribution. In general, you will receive an initial distribution of 80% of your IAA, as determined in accordance with the terms of the Plan, and the remaining balance of your IAA will be paid in a final distribution after any applicable investment yield and administrative fees have been allocated to your account. You can elect to receive the payment directly, or to make a direct rollover of the payment to a traditional IRA or an eligible plan, or to receive part of the payment directly and make a direct rollover of the remainder.
- **75% Qualified Joint and Survivor Annuity.** Your IAA will be used to purchase a 75% Qualified Joint and Survivor Annuity from an insurance company. The 75% Qualified Joint and Survivor Annuity pays you a monthly amount for life, with 75% of that amount

continuing to your spouse when you die, if your spouse survives you. The amount of your monthly payment will depend on the amount in your IAA, your age and your spouse's age.

- **Life annuity with or without a minimum period of guaranteed payments.** Your IAA is used to buy an annuity from an insurance company. You may choose an annuity that provides payments only for your lifetime, one that guarantees payments for a specified period to your beneficiary if you die, or one that provides payments for your lifetime and also guarantees payments for a specified period. The amount of the monthly payment will depend on the amount in your IAA and your age.

If you choose payments guaranteed for a specified period – for example, five years – this means that you will receive monthly payments for life but if you die within the guaranteed period (in this case, five years) payments will be made to your beneficiary for the remainder of the specified period. However, if you die after the end of the guaranteed period, no payments are made to your beneficiary.

- **Monthly Distributions.** You must be retired or have attained age 65 to be eligible for this form of distribution.

You can elect how much you want to receive each month under this option, but the monthly distribution amount cannot be less than \$500 per month or more than \$5,000 per month (or more than \$10,000 per month for Plan Years after the first Plan Year for which you receive such monthly distributions). The monthly distribution amount that you elect must also be projected to result in at least 12 monthly payments. You may elect to stop monthly distributions or change the amount of your monthly payments once per year by submitting a request to change or stop monthly distributions on a form designated by the Plan Administrator by November 1st, and your election will be effective the following January 1. If you are married, notarized spousal consent is required to change the amount of the monthly distribution or for any subsequent distribution election.

If you elect to stop monthly distributions, you may (with spousal consent, if married) elect to receive the amounts remaining in your IAA in another available benefit form effective as of January 1st of the following Plan Year, or you may defer receipt of your remaining benefits subject to IRS required minimum distribution rules. If you decide to stop and later recommence monthly distributions under the Plan, your application for benefits must be filed no later than November 1st of the year before the year in which the monthly distributions are to recommence.

If you are age 70½ or older, you will receive at least the amount required under the required minimum distributions rules set forth in the Plan within the plan year. A yearly calculation will determine if you are meeting your IRS minimum distribution requirements. If necessary, a year-end payment will be issued to you.

While you are receiving the annual payments, your accounts remain in the Plan and continue to be adjusted for investment yield and administrative expenses. If necessary to ensure that the proper administrative fee and investment yield is allocated to your IAA, an amount sufficient to cover these will be withheld from monthly payments that would otherwise be payable, and then paid after adjustment. If the payment of a monthly

distribution amount would result in your IAA having a balance of less than \$3,000, you will receive a final payment of the entire remaining balance of your IAA (after adjustment for administrative fee and investment yield, if applicable).

If you die after monthly benefits have commenced and your surviving spouse is your designated beneficiary, your surviving spouse will have the option of continuing to take any remaining portion of your Individual Annuity Account in the Monthly Distributions form of benefit, subject to the required minimum distribution provisions of the Plan. You may designate someone other than your spouse as your beneficiary only if your spouse voluntarily consents to such designation on a form designated by the Plan and your spouse's consent is notarized. If you are unmarried when you die, any amounts remaining in your Individual Annuity Account will be payable to your designated beneficiary (or divided among your designated beneficiaries) in a lump sum distribution.

- **Required Minimum Distribution Annual Installment Payments.** Under this arrangement you will receive annual installment payments. Each year's payment will be equal to the value of your IAA as of the end of the prior year divided by your remaining life expectancy, or the life expectancy of you and your spouse if your spouse is your sole beneficiary, determined under IRS tables. If you have retired or completely withdrawn from employment in the elevator industry, the first payment will be for the year in which you reach age 70^{1/2}. If you continue to work after age 70^{1/2} for an employer who is obligated to make annuity contributions on your behalf (and you are not a 5% owner), the first payment will be for the year in which you retire or completely withdraw from employment in the elevator industry.

While you are receiving the annual payments, your accounts remain in the Plan, and continue to be adjusted for investment yield and administrative expenses.

At any time after you begin to receive payments, you can elect to stop the payments and receive your remaining benefit in a lump sum.

- **5% Distribution for Retired Participants Who Have Not Reached Age 70^{1/2}.** If you have not received or elected to receive your IAA under any other distribution method, you have not reached age 70^{1/2} and you are retired and receiving a pension from the National Elevator Industry Pension Plan, each year you may elect to receive a distribution of up to 5% of your current IAA balance provided the election is received in the Fund Office by July 1st. You may elect this form of distribution only once each calendar year and must make application each year to receive this distribution.

A Participant who has received a payment(s) under this form of distribution may subsequently elect to receive his IAA under one of the other distribution methods available; however, once the distribution method has changed, you cannot revert back to the 5% distribution method.

When you reach 70^{1/2}, this distribution option stops and you must select one of the other optional payment forms.

4. On page 17, the first paragraph is amended to read as follows:

If you are married, your spouse is automatically your beneficiary. With your spouse's written notarized consent, you may name someone other than, or in addition to, your spouse as your primary beneficiary(ies) for your Plan benefit. With your spouse's written notarized consent, you may also name a contingent beneficiary or beneficiaries for receipt of your Plan benefit if your primary beneficiary(ies) die before you.

5. On page 21, under the section entitled "**If You Die Before Receiving Your Benefit**," the last sentence of the first paragraph under the first bullet is amended to provide as follows:

If your spouse prefers, your spouse may instead elect to have his or her share of your IAA and 401(k) account paid in one of the available optional forms of payment.

6. On page 21, under the section entitled "**If You Die Before Receiving Your Benefit**," the first paragraph under the second bullet is amended to provide as follows:

- **If your beneficiary is someone other than your spouse**, your beneficiary can elect to have his or her share of your IAA paid in one of the optional forms of payment for IAAs available to unmarried participants under the Plan other than the Monthly Distributions option. If you have a 401(k) account and your beneficiary is someone other than your spouse, your beneficiary may elect to have his or her share of your 401(k) account paid in one of the available forms of payment for 401(k) accounts under the Plan. But, if a beneficiary's share of your Plan benefit is \$5,000 or less, including your beneficiary's share of any rollovers, it will be paid in a lump sum.

7. On page 26, the following sentence is added at the end of the first bullet:

If your financial need falls in an IRS Hardship category, you should apply for an IRS Hardship Withdrawal because more funds will be available to meet your needs.

8. On page 26, the first two sentences of the second bullet pertaining to the need to take any available Plan loans and suspension of 401(k) contributions for at least 6 months are deleted.

9. On pages 28-29, the chart entitled, "**Amount Available for Special Financial Need Withdrawal**" is amended to read as follows:

Amount Available for Special Financial Need Withdrawal

	IRC Hardship Withdrawal	General Hardship Withdrawal		
<p>If you are age 59^{1/2}</p>	<p>If you are at least age 59^{1/2} by the date of the withdrawal, the maximum amount eligible for withdrawal is 80% of:</p> <ul style="list-style-type: none"> • the value of your IAA attributable to contributions made on your behalf since July 1, 1992, determined as of the last preceding December 31 valuation date for which an allocation of investment yield and administrative fees has occurred, <u>plus</u> • any employer contributions and loan repayments made to your IAA since that December 31, <u>minus</u> • the total of the current balance(s) of your outstanding loan(s) and accrued interest and all withdrawals and distributions since that December 31. 			
<p>If you are under age 59^{1/2} with at least 60 consecutive months of participation in the Plan</p>	<p>If you have not reached age 59^{1/2} by the date of the withdrawal, the maximum amount eligible for withdrawal is 80% of -</p> <table border="1" data-bbox="456 758 1406 1430"> <tbody> <tr> <td data-bbox="456 758 919 1430"> <ul style="list-style-type: none"> • the value of your IAA attributable to contributions made on your behalf since July 1, 1992, determined as of the last preceding December 31 valuation date for which an allocation of investment yield and administrative fees has occurred, <u>plus</u> • any employer contributions and loan interest or principal payments made to your IAA since the last preceding December 31 valuation date for which an allocation of investment yield and administrative fees has occurred, <u>minus</u> </td> <td data-bbox="919 758 1406 1430"> <ul style="list-style-type: none"> • The value of your IAA as of December 31, 2002 estimated as attributable to annuity contributions made on your behalf since July 1, 1992, as adjusted for net investment yield and administrative fees since December 31, 2002 to the preceding December 31 valuation date, <u>plus</u> • the value of your employers' annuity contributions made on your behalf for each year since 2002, up to the preceding December 31 valuation date, which is in excess of 3% of your compensation for the year, as adjusted for net investment yield and administrative expenses to the preceding December 31 valuation date, <u>minus</u> </td> </tr> </tbody> </table> <ul style="list-style-type: none"> • the total of the current balance(s) of your outstanding loan(s) and accrued interest and all withdrawals and distributions since the last preceding December 31 valuation date for which an allocation of investment yield and administrative fees has occurred 		<ul style="list-style-type: none"> • the value of your IAA attributable to contributions made on your behalf since July 1, 1992, determined as of the last preceding December 31 valuation date for which an allocation of investment yield and administrative fees has occurred, <u>plus</u> • any employer contributions and loan interest or principal payments made to your IAA since the last preceding December 31 valuation date for which an allocation of investment yield and administrative fees has occurred, <u>minus</u> 	<ul style="list-style-type: none"> • The value of your IAA as of December 31, 2002 estimated as attributable to annuity contributions made on your behalf since July 1, 1992, as adjusted for net investment yield and administrative fees since December 31, 2002 to the preceding December 31 valuation date, <u>plus</u> • the value of your employers' annuity contributions made on your behalf for each year since 2002, up to the preceding December 31 valuation date, which is in excess of 3% of your compensation for the year, as adjusted for net investment yield and administrative expenses to the preceding December 31 valuation date, <u>minus</u>
<ul style="list-style-type: none"> • the value of your IAA attributable to contributions made on your behalf since July 1, 1992, determined as of the last preceding December 31 valuation date for which an allocation of investment yield and administrative fees has occurred, <u>plus</u> • any employer contributions and loan interest or principal payments made to your IAA since the last preceding December 31 valuation date for which an allocation of investment yield and administrative fees has occurred, <u>minus</u> 	<ul style="list-style-type: none"> • The value of your IAA as of December 31, 2002 estimated as attributable to annuity contributions made on your behalf since July 1, 1992, as adjusted for net investment yield and administrative fees since December 31, 2002 to the preceding December 31 valuation date, <u>plus</u> • the value of your employers' annuity contributions made on your behalf for each year since 2002, up to the preceding December 31 valuation date, which is in excess of 3% of your compensation for the year, as adjusted for net investment yield and administrative expenses to the preceding December 31 valuation date, <u>minus</u> 			

Amount Available for Special Financial Need Withdrawal		
	IRC Hardship Withdrawal	General Hardship Withdrawal
If you are under age 59½ with less than 60 consecutive months of participation in the Plan	Same as above for IRC Hardship Withdrawals for participants under age 59½ with at least 60 consecutive months of participation in the Plan.	The amount determined above for a General Hardship Withdrawal, but determined as of the <u>third</u> December 31 preceding the date of the withdrawal, but taking into account outstanding loan(s) and accrued interest and all withdrawals and distributions since such third preceding December 31.

For General Hardship Withdrawals, in order to allow the Fund Office to compute the value of employer contributions in excess of 3% of your compensation for a year, you must provide the Fund Office with copies of all of your Form W-2s from all of your employers for each year after 2002 (or, if your Form W-2s are not reasonably available, a copy of a Social Security Statement (SSA-7005) showing your wage history).

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If you have questions regarding the above, please contact the Fund Office at (201)592-6800 or (855)521-6111.