

Important Notice to Participants in the Sheet Metal Local 10 Supplemental Retirement Plan

October 2017

This notice, known as a Summary of Material Modifications, describes a change to the Sheet Metal Local 10 Supplemental Retirement Plan (the Plan) that will take effect on January 1, 2018. On that date, the Plan will be amended to add a 401(k) feature. This amendment does not change the contract provisions of a collective bargaining agreement requiring employer contributions, but adds this new feature which will allow eligible participants to contribute a portion of their wages to the Plan on a pre-tax basis.

The Plan was established in 1973. Since that time, the Plan has been designed to accept employer contributions set forth in the applicable collective bargaining agreement(s). Generally, participants could not make their own contributions to the Plan. As described below, beginning in 2018, participants will be able to save more for their retirement by contributing a portion of their pre-tax wages to the Plan.

Eligibility

Eligibility to participate in the 401(k) feature of the Plan is determined by the collective bargaining agreement under which an employee is working. In January 2018, employees working under the following collective bargaining agreements who are eligible to participate in the Supplemental Retirement Plan will also be eligible to participate in the 401(k) feature.

Metro Commercial
Iron Range Commercial/Industrial
Bemidji Commercial/Industrial
Duluth/Iron Range Residential

This list will change if and when the right to participate in this feature is negotiated into other collective bargaining agreements. For example, the right to participate has been added to the Rochester Commercial bargaining agreement effective January 2019.

An employee who is working under one of these bargaining agreements will be eligible to defer wages to the 401(k) Plan as described below. Employees working under other bargaining agreements will not be eligible to participate. An employee who discontinues working under a covered bargaining agreement to a non-covered one will need to discontinue participation at that time, but amounts already deferred to the Plan may remain in the Plan. Finally, if an employee switches between working under a covered agreement and non-covered agreement, deferral contributions will only be allowed for hours worked under the covered agreement.

How Wage Deferrals Work

Eligible employees will be able to choose to contribute a specific dollar amount of their wages to contribute to the Plan on a pre-tax basis. Your 401(k) deferrals are not subject to federal or state income tax until distributed from the Plan. However, the 401(k) deferral contributions are subject to regular payroll taxes at the time of deferral, such as Social Security and federal employment taxes. Your employer will deduct your portion of these taxes from your remaining compensation, the same as has occurred in the past.

In 2018, eligible employees may elect to contribute either \$1, \$3, or \$6 per hour to the Plan. An employee will have 401(k) deferral contributions made to the Plan only if he or she elects for that to happen. Otherwise, for those not completing an election, there will be no deferral of wages.

Electing to Defer Wages

Eligible employees may elect to defer a portion of their wages:

- 1) whenever they begin working with an employer, or
- 2) each November, with the election to be effective on the first payroll beginning date in the following January.

An employee may discontinue deferring contributions at any time by giving notice to their employer, however, the employee would not be eligible to make future contributions to the Plan until they met one of the two criteria shown above.

All deferral elections must be made on the form provided for this purpose by the Benefit Office. For deferrals beginning in January 2018, **in the coming days you will receive an election form and an explanatory mailing from the Benefit Office** if it determines that you are currently working under a covered bargaining agreement. After that, you should ask a new employer for a copy of this form if you wish to make an election when you begin work there.

Annual Limits on Deferral Amounts

Federal law limits the amounts an individual can defer to one or more 401(k) plans. In almost all cases, the limits will far exceed the amount an employee could contribute to this Plan, even if he or she is contributing a deferral of the maximum rate of \$6 per hour worked.

In general the per individual limit on the amount you may defer will be \$18,500 in 2018. If you reach age 50 (or above) during the calendar year, you would be allowed to defer an additional amount, called a “catch-up contribution”, that is \$6,000 in 2018. However, the maximum you can defer is still limited to the \$6/hour. Employer and employee contributions, when combined, are also limited with the 2018 limit set at \$55,000 for any individual. Rollover contributions that are transferred into this Plan are not counted against any of these limits.

If you participate in more than one 401(k) plan during a year, these individual contribution limits apply to the combined contributions made to all plans. Thus, you will need to monitor your compliance with these limits. If you believe you have reached this limit due to involvement in another Plan, you should notify your employer immediately.

Any deferral contributions received by the Plan in excess of these limits will be returned to you if the Plan is aware of this issue. You will be responsible for the payment of taxes and penalties on returned amounts.

Investment of 401(k) Contributions

Your 401(k) deferral contributions will be included in your Plan account and invested in the same manner as all other amounts held in that account.

Distribution of 401(k) Contributions

Amounts you contribute under the 401(k) feature (and any earnings on those contributions) are subject to the same rules for distribution as other employer contributions to the Supplemental Retirement Fund.

PLEASE CONTACT THE BENEFIT OFFICE IF YOU HAVE ANY QUESTIONS ABOUT THESE CHANGES.