

Build a **SOLID RETIREMENT** plan

INTERNATIONAL UNION OF OPERATING ENGINEERS LOCAL 4 ANNUITY AND SAVINGS PLAN



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To All Employers: Employee 401(k) Elective Deferrals

The International Union of Operating Engineers (IUOE) Local 4 Annuity and Savings Plan is a valuable benefit offered to Local 4 members. As a reminder, any employee who is a participant in the Annuity and Savings Plan for whom you are required to remit contributions is eligible to make an elective 401(k) contribution from his or her wages. An employee may defer any whole dollar amount per hour that he or she chooses, at a minimum of \$1.00, so long as the total deferred in a year does not cause the employee to exceed the annual IRS limit. Under the Plan's 401(k) feature, participants may elect to make pre-tax contributions in lieu of receiving taxable income. In addition, the pre-tax contributions serve as a supplement to the contributions that you make to the IUOE Local 4 Pension and Annuity Plans.

We have enclosed a quantity of updated Income Deferral Agreement-401(k) Election Forms for 2017 and ask that you please remind employees about the benefits of deferring to the Annuity and Savings Plan. To request additional 401(k) forms, please contact the IUOE Local 4 Benefit Funds Office at 508-533-1400 x141.

Please see below for important rules and procedures regarding the 401(k) feature.

Rules

- An employee's deferral will apply only to amounts earned after a 401(k) Election Form is signed and returned to the employer and the IUOE Local 4 Benefit Funds Office, and will take effect as soon as reasonably possible after the date elected on the form.
- Under IRS rules, an employee is allowed to defer up to \$18,000 of their salary to their 401(k) in 2017. Catch-up contributions up to \$6,000 can be made if the participant is age 50 or over in 2017, for a total deferral of \$24,000. Deferrals should be monitored so that the limits are not exceeded. Please contact the IUOE Local 4 Benefit Funds Office at 508-533-1400 ext. 141 for more information about deferral limits and catch-up contributions.

- Once an employee has elected to contribute, he or she can change the amount they are deferring by completing a new election form.
- An employee may totally revoke his or her election after 90 days have passed by completing a Revocation of Income Deferral Agreement printed on the back of the Income Deferral Agreement Form. Although employees may continue to change the amount deferred, an Income Deferral Agreement may not be totally revoked for at least 90 days (unless employment is terminated). If a revocation is made, it will be effective on the first of the month after the revocation is executed by you and the employee.
- Once an employee has totally revoked his or her election, a new election to restart contributions cannot be effective before the first of the month following three months (90 days) of no contributions.
- In the event the member receives a hardship distribution from his or her 401(k) contributions, all 401(k) elective deferrals will be suspended for a period of six (6) months. In order to ensure compliance, the Benefit Funds Office will notify the employer when a member receives a hardship distribution.

Procedures

- Both the employee and the employer are responsible for signing the form. The employer is responsible for sending the required copy, together with the monthly remittance report, to the IUOE Local 4 Benefit Funds Office. The 401(k) election forms are only required to be sent in as employees elect deferrals.
- The employer is responsible for accurate and timely completion of the monthly remittance report, along with payment of the total amount due, payable to IUOE Local 4 Benefit Funds. It is imperative for employers to remit contributions by the 19th of each month in accordance with the Collective Bargaining Agreement. This will ensure that all 401(k) contributions are posted timely to each employee's account.

If you need assistance in setting up your payroll records, or wish to report online via the Benefit Funds' Employer Self Service website, please contact the IUOE Local 4 Benefit Funds Office at 508-533-1400 x302.

