

# AGC-International Union of Operating Engineers Local 701 Trust Funds

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Administered by  
Welfare & Pension Administration Service, Inc.

July 28, 2016

**TO: All Plan Participants of the Defined Benefit Plan of the AGC-International Union of Operating Engineers Local 701 Pension Trust Fund**

**RE: Summary of Material Modifications**

Dear Participant or Beneficiary,

Since issuance of the January 1, 2015 Summary Plan Description (“SPD”) booklet, there have been certain amendments to the subject Plan as well as legal and factual changes that affect the information in the SPD. The changes are summarized below, with references to the corresponding SPD sections and page numbers. **Please keep this summary of material modifications to the SPD with your booklet.**

**Retirement Benefits—How Your Retirement Benefits May Be Paid (SPD pages 27-29).**  
The first four paragraphs in this section are revised to read as follows, effective January 1, 2017:

“Because the financial need of each participant differs at retirement, the plan provides several different forms of payment to assist you in fulfilling your particular needs.

***“Small Benefits Are Paid in a Lump Sum***

“If the actuarial present value of your benefit is \$5,000 or less, the Trustees will pay your retirement benefit in a lump sum instead of setting up monthly payments. No other form of payment will be available, and no further benefit will be payable, from the plan. You may ask the Gladstone Administration Office to pay all or part of this lump-sum cash-out directly to a traditional IRA (individual retirement account or individual retirement annuity), a Roth IRA, another employer’s qualified plan, or a SIMPLE IRA (provided the rollover is made after the two-year period following the date you first participated in the SIMPLE IRA). This is called a direct rollover.

“If the actuarial present value of your benefit is greater than \$1,000, but is not more than \$5,000, and you do not elect to receive a distribution directly or as a direct rollover as described above, your lump-sum distribution will automatically be rolled over to an IRA designated by the Trustees (“Automatic Rollover IRA”). Until you instruct how the IRA’s funds are to be invested, they will be invested in a FDIC-insured bank money market demand account (which is designed to preserve principal and provide a reasonable rate of return and liquidity). All fees connected with the Automatic Rollover IRA will be paid from the IRA, unless you pay them from other funds. For information about the Plan’s Automatic Rollover IRA procedures, provider, and associated fees, please contact the Gladstone Administration Office.

“Unless a direct rollover is made or expected payments for the year total less than \$200, 20% of your lump-sum distribution must be withheld for federal income taxes. A partial direct rollover will not be permitted if it is less than \$500. Also, a direct rollover may not be divided and paid to more than one traditional IRA, Roth IRA, other employer’s qualified plan, or SIMPLE IRA. A distribution that is rolled over to a Roth IRA will be taxable (but it will not be subject to the 10% additional tax under Internal Revenue Code Section 72(t)).”

Effective January 1, 2017, the following new sub-heading is added on page 27 immediately before the fifth paragraph in this section: ***“Benefits Valued Above \$5,000”***.

**Survivor Benefits—If You Die Before Retirement—Surviving Spouse Benefit (SPD page 41)**

Effective January 1, 2017, the following sentence is added to the end of this section:

“Notwithstanding the above, if the actuarial present value of your surviving spouse’s benefit is \$5,000 or less, the Trustees will pay the benefit in a lump sum instead of setting up monthly payments.”

**Survivor Benefits—Direct Rollover by Spouse or Nonspouse Beneficiary (SPD pages 42-43).**

This section is updated in the following respects:

1. Effective January 1, 2015, the second sentence of the first paragraph is revised to read as follows:

“Lump-sum payments (including a \$2,000 lump-sum survivor benefit and a lump-sum cash out payment for surviving spouse benefits with an actuarial present value of \$1,000 or less) and 60-Month Benefit payments are “eligible rollover distributions”.”

Effective January 1, 2017, “\$5,000” replaces “\$1,000” in the sentence above.

2. Effective December 18, 2015, the following sentence is added to the end of the second paragraph:

“Your spouse or nonspouse beneficiary also may roll over an eligible rollover distribution to a SIMPLE IRA, provided the rollover is made after the two-year period following the date he or she first participated in the SIMPLE IRA.”

In addition, the third paragraph is revised to eliminate reference to “a SIMPLE IRA,” and now reads as follows:

“An eligible rollover distribution cannot be paid directly to a Coverdell Education Savings Account (formerly known as an education IRA) or a designated Roth account in an employer plan.”

If you have any questions regarding these changes, contact the Gladstone Administration Office at the address or telephone numbers listed above.

Sincerely,

**BOARD OF TRUSTEES**

**DEFINED BENEFIT PENSION PLAN OF AGC-IUOE LOCAL 701 PENSION TRUST FUND**