

SUMMARY OF MATERIAL MODIFICATION #4

Important Notice Regarding a Benefit Improvement Effective October 16, 2017

September 15, 2017

Dear Participant:

This notice, referred to as a Summary of Material Modifications (SMM), describes important changes to the benefits provided by the Bricklayers and Allied Craft Workers Local 1 of PA/DE Annuity Fund (Plan). You should read this notice carefully and keep it with your Summary Plan Description (SPD). If you have any questions, please feel free to contact the Fund Office.

BENEFIT IMPROVEMENT / NEW WITHDRAWAL FEATURE BASED ON YEARS OF PARTICIPATION

We are pleased to report that, effective October 16, 2017, the Trustees have amended the Plan to permit Participants to withdraw a portion of their account balances at any time, even while working in Covered Employment, in the form of a single lump sum. The maximum withdrawal amount varies depending on whether an applying Participant has reached five years of total Plan participation:

5-Year Option. A Participant with five or more years of Plan participation may withdraw the lesser of \$60,000 or up to 50% of his/her Individual Account.

Less Than 5-Year Option. A Participant with less than five years of Plan participation may withdraw contributions that have been received and held in his/her Individual Account for at least two years. In other words, if you have less than five years of Plan participation, you may withdraw contributions that were made at least two years before your withdrawal date. Contributions that were made less than two years before your withdrawal date must remain in your Individual Account. So if you began participating in April 2013 and submitted an application to make a withdrawal now, only those contributions that were made between April 2013 and August 31, 2015 would be eligible for withdrawal.

If you wish to make a withdrawal under this new Plan feature, you must submit a completed application form to the Plan. If you are married and your Individual Account is equal to or greater than \$5,000 at the time you apply, you must provide your spouse's written consent to make the withdrawal.

Withdrawals permitted under this new Plan feature are limited to one per thirty-six month period and a total of no more three over the course of your career. There is also a total gross cap on such withdrawals of \$150,000 over the course of your career. These limitations will be strictly enforced. Any withdrawals made under this provisions will be subject to an administrative processing fee of \$50. The processing fee will be deducted from your account and is subject to change from time to time by the Trustees.

You should be aware that money you receive under this new Plan feature will be taxable under the Internal Revenue Code as ordinary income. The Plan by law must withhold Twenty Percent (20%) of any withdrawal that your receive and submit it

directly to the IRS as federal income tax withholding. The amount you owe in federal taxes on this withdrawal may be higher than Twenty Percent depending on your individual circumstances. (Money left in your account is allowed to accumulate tax free until it is withdrawn.) An additional 10% federal tax penalty will apply to withdrawals made by participants who are under the age of 59½.

Here are two examples of how this new Plan feature will work:

EXAMPLES

Example 1. James has exactly seven years of Plan participation. He has \$70,000, including earnings, in his account. Because he has at least five years of participation, he may withdraw 50% of his account balance (\$35,000). That \$35,000 payment would be subject to the mandatory 20% tax withholding (which equals \$7,000), meaning that the net distribution to James would be \$28,000. Thirty-six months later, James has an account balance of \$40,000. Because thirty-six months have passed since his first distribution under the Plan's new withdrawal feature, he is again eligible to withdraw 50% of his account balance (\$20,000). **If James proceeds to take both of these withdrawals, he will only be eligible for one further such withdrawal for the rest of his time in the industry. The cumulative amount that may be withdrawn by this process is no more than \$150,000 and in no single instance can it exceed the lesser of \$60,000 or 50% of his account balance.**

Example 2. John has exactly three years of Plan participation. He has \$30,000, including earnings, in his account. \$9,500, excluding earnings, was received by the Plan during his first year of Plan participation. \$10,500, excluding earnings, was received by the Plan during his second year of Plan participation.

Because John has less than five years of Plan participation, he may withdraw contributions that have been received and held by the Plan for at least two years (\$9,500). As in Example 1, this distribution would be subject to mandatory tax withholding of 20% (\$1,900), meaning that the net distribution to John would be \$7,600. Thirty-six months later, John will have reached five years of participation so he will be eligible to withdraw up to 50% of his entire account balance as long as that does not exceed \$60,000.

In all of these examples, the net amount payable to the participant will reflect the 20% mandatory tax withholding. In other words, if you apply for a distribution of \$60,000, the Fund will have to withhold 20% or \$12,000 from that distribution. You will receive a net payment in that case of \$48,000. Again, you may actually owe federal taxes in excess of the withheld amount, so please plan accordingly and consult a tax expert if necessary.

CONCLUSION

The Trustees believe that the Plan plays an important role in your retirement security and are proud to be involved in its continued operation. We caution you to think about your overall retirement plans when choosing to exercise this option under the Plan. Money taken today under this benefit will not be there for you at retirement, so please plan carefully.

As always, if you have any questions about this SMM, the Plan, or your benefits under the Plan, please contact the Fund Office.

Very truly yours,

The Board of Trustees

IMPORTANT

This SMM is intended to provide you with an easy-to-understand description of certain changes to the Bricklayers and Allied Craftworkers Local 1 of PA/DE Annuity Fund. While every effort has been made to make this description as complete and accurate as possible, if any conflict should arise between this SMM and the Plan, the terms of the Plan will govern.