

RETIREMENT PLAN. BUILD. ENJOY.

PIPE FITTERS' Local 597 Individual Account and 401(k) Plan

Announcing... a new way to save beginning on June 1, 2020

Roth 401(k)

Pipe Fitters' Individual Account and 401(k) Plan, Local 597 is continually looking for ways to enhance the features available to you in the Pipe Fitters' Individual Account and 401(k) Plan, Local 597.

Effective June 1, 2020, a Roth 401(k) feature is being added to the Plan. In very basic terms, a Roth contribution is made with "after-tax" money. You contribute to your retirement account with after-tax dollars, and your contributions and any investment earnings grow tax-free.

The money you withdraw from a Roth account at retirement is tax-free income, provided you are 59½ or older and the money has been held in your account for at least five years. Like your pre-tax contributions, your Roth contributions are immediately fully vested.

In-Plan Roth Conversions

Effective **June 1, 2020**, the Pipe Fitters' Individual Account and 401(k) Plan, Local 597 will also allow in-Plan Roth conversions. This feature allows you to convert your existing non-Roth vested Plan accounts to a "Roth" account within the Plan. To be eligible to make an in-Plan Roth conversion, you must be eligible to receive a distribution from the Individual Account and 401(k) Plan.

Converting and transferring taxable contributions to the in-Plan Roth rollover account is a taxable event and is included in gross income in the taxable year in which the distribution occurs. For instance, your Pre-tax contributions and their earnings are taxable amounts; converting contributions will be reported as a taxable transaction to the IRS for the tax year in which the distribution occurs. If you rollover a previous 401(k) account balance to the

in-Plan Roth account and contributions made to it were After-tax, the earnings on the contributions have already been taxed and will not be included in the gross income reported to the IRS. If you decide to execute an in-Plan Roth rollover, you will be able to elect whether or not you want additional amounts from your account balance withheld for Federal and/or State income tax withholding.

The potential benefit of converting non-Roth contributions to the in-Plan Roth rollover is that future earnings in the Roth rollover account will not be taxed when distributed at a later date, if certain requirements are met. The requirements for a tax-free distribution of Roth earnings are: the distribution must occur no earlier than the first day of the taxable year following the end of the five year period that begins in the year of either the in-plan Roth conversion or commencement of Roth contributions, and the distribution does not occur prior to age 59½, or due to death or disability.

Should I consider a Roth account?

In general, a Roth account may make sense for you if:

- You believe your tax rate will be higher in retirement than today – Roth contributions are taxed at today's tax rate as opposed to paying what could be higher rates at retirement.
- You expect your income to rise and you have a longer time horizon to save – Roth contributions at today's tax rate may outweigh saving in a pre-tax account.

- You want to diversify your retirement savings into pre-tax and after-tax accounts — your retirement plan provides the flexibility for you to make contributions to the pre-tax and Roth account and non-Roth after-tax contributions. When it comes time to think about distributions, it also provides you with more options because of the different taxation of the Roth and pre-tax accounts.
- You want income flexibility in retirement — if you want to limit the application of the required minimum distribution rules (which means you must start taking a distribution on the money by 72), you can roll your Roth money (before reaching your required beginning date) into a Roth IRA, where the money can remain beyond age 72.

COMPARING BEFORE-TAX & ROTH ACCOUNTS

	Before-Tax	Roth
You Invest	Pre-tax dollars	After-tax dollars
Contribution Limits*	\$19,500 in 2020 (including Roth contributions)	\$19,500 in 2020 (including Before-Tax contributions)
Catch-Up Contributions	\$6,500 in 2020 (including Roth contributions)	\$6,500 in 2020 (including Before-Tax contributions)
Taxes on Member Elective Deferrals	Contributions and their earnings are taxed when withdrawn.	Withdrawals of contributions and investment earnings are tax-free if you are 59½ or older and have held the account for five years or more.

To learn more about which type of retirement account may be the best option for you, visit www.retiresmart.com. If you have any questions, contact MassMutual® at **1-800-743-5274**.

* The total annual contribution limit cannot exceed 100% of compensation or \$57,000 (\$63,500 including catch-up), whichever is greater.

The information contained herein is not intended or written as specific legal or tax advice and may not be relied on for purposes of avoiding any federal tax penalties. Neither MassMutual nor any of its employees or representatives are authorized to give legal or tax advice. You must rely on the advice of your own independent tax counsel.



Pipe Fitters' Local 597
INDIVIDUAL ACCOUNT & 401(K) PLAN

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SUMMARY OF MATERIAL MODIFICATION

May 2020

Dear Participants:

The Board of Trustees of the Pipe Fitters' Individual Account and 401(k) Plan, Local 597 ("Plan") is pleased to announce the addition of a Roth feature to the Plan, which is summarized in this Notice. Please keep this Notice with your Summary Plan Description ("SPD") booklet for future reference.

Roth Elective Contribution

Effective June 1, 2020, the Trustees added a Roth feature to the Plan. If you are eligible to make a Salary Reduction Contribution to the Plan, you may elect to designate all or a portion of your contributions as a Roth Elective Contribution.

A Roth Elective Contribution is made with after-tax dollars instead of pre-tax dollars. This means that you pay federal income tax on your Roth Elective Contribution at the time it is withheld from your paycheck.

A Roth Elective Contribution and its associated investment earnings are tax-free income at the time of distribution under the Plan, provided the distribution is a "qualified distribution." A qualified distribution must meet the following conditions:

- The distribution is made at least five years after the first day of the calendar year in which you first made a Roth Elective Contribution to the Plan; and
- The distribution is made on or after age 59 ½, or on account of disability or death.

In-Plan Roth Conversions

Effective June 1, 2020, you may also convert all or a portion of the non-Roth portion of your Individual Account Balance to your In-Plan Roth Elective Contribution Account. However, you may only convert the portion of your Individual Account Balance for which you are otherwise eligible to receive a distribution from the Plan at the time of the conversion. An In-Plan Roth Conversion is irrevocable and cannot be undone after the transfer is made.

If you elect an In-Plan Roth Conversion, you must pay taxes on the amounts that would have been taxable if the distribution had not been rolled over. If an outstanding loan is rolled over as part of your In-Plan Roth Conversion, you must pay taxes on the balance of the loan in the taxable year in which the conversion occurs.

An In-Plan Roth Conversion may be withdrawn tax-free provided that you are age 59 ½ or older and your account has been established for at least five years from the date the conversion was made. However, the distribution may be taxable and subject to an additional 10% early withdrawal tax if you withdraw it within five years.

Annual Contribution Limits

Please be advised the IRS applies the annual contribution limit to the total of your annual pre-tax Salary Reduction Contributions and after-tax Roth Elective Contributions. The limit for your total 2020 contributions is \$19,500, plus a \$6,500 “catch-up” contribution provided you are age 50 or older.

If you have any questions about the Roth feature, please contact MassMutual at 1-800-743-5274. Representatives are available to assist Monday through Friday from 7 a.m. – 7 p.m. CST.

Sincerely,

THE BOARD OF TRUSTEES

Salary Deferral Agreement

TO BE FILLED OUT BY UNION MEMBER

Member Name: _____

Union Card #: _____ Social Security #: _____

I hereby elect to defer to the Pipe Fitters' Individual Account and 401(k) Plan, Local 597 the amounts or percentage designated below, and I hereby authorize the Employer to deduct that amount or percentage from my gross pay on a pre-tax or after-tax basis as follows:

- Pre-Tax Salary Deferral Contribution.** A dollar amount per pay period (\$ _____) or a percentage of my gross paycheck (_____ %) deferred on a **pre-tax** basis.
- Roth 401(k) Contribution:** A dollar amount per pay period (\$ _____) or a percentage of my gross paycheck (_____ %) deferred on an **after-tax** basis.

By affixing my signature below, I understand that I will need to fill out a new Salary Deferral Agreement for each new employer. Each deferral election with a particular employer will remain in effect until I provide subsequent change to that election. I understand that there are limits set by law on how much I may defer into the 401(k) Plan in any given calendar year.

Annual limits on elective 401(k) deferrals are as follows:

Year	Under Age 50	Age 50 and Older*
2020	\$19,500 (including Roth contributions)	\$26,000 (including Roth contributions)

*Members age 50 or older by the end of the calendar year may make additional elective deferral contributions annually.

Member Signature: _____ Date: _____

TO BE FILLED OUT BY EMPLOYER

Employer Name: _____

Address: _____

Telephone: _____ Fax #: _____

Month and Year: _____

Please remit all salary deferrals once monthly through the EmployerXG system. All remittances for the period reported must be sent as soon as administratively possible so they are received no later than the 15th of the following month.

Print three copies of this Salary Deferral Agreement for the following:

1. Member's copy
2. Employer's copy
3. Pipe Fitters Local 597 U. A. 401(k) Plan

Please consult your Summary Plan Description for more information.