



# Deferred Income Plan

## What “type” of plan is this?

- ▶ Unlike the Pension Plan, this is a “Defined Contribution” Plan
- ▶ Hourly contribution goes in, but...
- ▶ What “comes out” depends on
  - ▶ Rate of contribution
  - ▶ Rate of earnings on contributions
- ▶ You (the participant) take the “investment risk”
- ▶ **But**, since the Pension Plan is around, this was designed to be a supplement to that Plan

## When can I take money from the Deferred Income Plan?

- ▶ Any time you are out of work for at least 3 months, you are eligible to take a distribution from the Plan
  - ▶ If you are not retired and are less than 59 ½ years old, there is a 10% tax penalty imposed by the IRS
- ▶ As long as you “retire” from the plan, you don’t have to worry about the IRS’ “Age 59 ½” rules, that would (otherwise) mean a tax penalty

## What if I take a Distribution before (plan) year-end?

- ▶ Because earnings are credited only at the end of the plan year, if you take money out before then, you don't get that year's earnings on the amount taken out
- ▶ Example:
  - ▶ A member has \$50,000 in his account on 12/1/16
  - ▶ He decides to retire on 5/1/17 and take the full amount on that date
  - ▶ He believes returns have been good and that the fund has grown since 12/1/16
  - ▶ But, he only gets \$50,000 since he took his money out before the end of the (plan ) year (11/30/16)

## What form do I receive my benefit when I retire?

- ▶ A Single Lump Sum Payment.
  - ▶ This option lets you withdraw the entire balance in your account at one time
  - ▶ Remember, if you receive your full, lump sum distribution before December 1st of any year, you will not be eligible to receive any net investment income for that Plan year

## Can I choose the “lump sum” if I’m married?

- ▶ Yes, if your spouse agrees (in writing)
- ▶ Under this option, your spouse will not be entitled to any survivor benefit under this Plan, since there won’t be any remaining balance
  - ▶ Any such election under this Plan has no effect on your elections under the Pension Plan or any other Plans

## Can I choose (instead) to get a “partial” distribution?

- ▶ Yes. If you elect this, you will receive partial distributions in whatever amounts that you choose (up to a maximum of three distributions in any one plan year)
- ▶ At any time, you can get the remaining balance in one lump sum
- ▶ If you die, the remaining balance, if any, will be paid to your designated beneficiary under the Plan
- ▶ Under this option, your spouse will not be entitled to any specific survivor benefit under the Plan, other than that which may be due depending on their status as your beneficiary for any balance that remains at your death

## About Beneficiaries

- ▶ Any time you have a “life change” (marriage, divorce, children, etc.), please make sure you update your Beneficiary information with the Fund Office
- ▶ With respect to the Deferred Income Fund, IRS regulations dictate that your spouse, at the time of your death, is entitled to 50% of your balance regardless of what your Beneficiary information says
  - ▶ Any other Beneficiaries will share in what remains after your spouse’s 50%
  - ▶ Please plan accordingly and consult a professional if necessary



Does taking a “partial” amount as a retiree affect the total I can take out?

- ▶ Electing this option **may reduce the net investment income** allocated by the Plan if the distribution occurs before December 1st of any year
- ▶ **Termination fee is \$25 per request:** if you want money regularly (installment payments), it’s a one time fee; if you want an amount several times, each time you will be charged the fee

## Can I choose, instead, to receive “installment” payments?

- ▶ Yes
- ▶ You can elect to receive your account balance in **10** or **120** monthly installments
- ▶ Such installments will be subject annually to adjustment, due to allocation of net income and expenses as provided by the Plan.
- ▶ If you die, the remaining balance will be paid to your designated beneficiary under the Plan
- ▶ Under this option, your spouse will not be entitled to any specific survivor benefit under the Plan, other than that which may be due depending on their status as your beneficiary for any balance that remains at your death
- ▶ You cannot change the amount of your installment payments you receive under this option

# Can I take out a loan instead of a distribution?

- ▶ Yes, just like you could while you were an active participant
- ▶ Basic rules
  - ▶ Interest rate is set by Trustees each year
  - ▶ Can be for up to 5 years, unless purchase of a “primary residence”, in which could be longer
  - ▶ Maximum loan is 50% of Employer Contributions to your account or \$50,000, whichever is less
  - ▶ Monthly payments are required
    - ▶ If you don't make monthly payments as required, your loan may be “deemed” a distribution under IRS rules resulting in you owing taxes on the amount of the loan outstanding at the time of the default

## Can I get my Deferred Income before retirement?

- ▶ Under certain circumstances, you can take a single partial distribution from the fund if you are **out of work for 3 months**
  - ▶ After that, you cannot take another “partial” distribution, but you must take the whole amount out
  - ▶ This only matters if you are not retiring
- ▶ You may also seek a loan from the Fund

## Is there an age when I have to start taking money out?

- ▶ Yes - no later than when you're 70 ½
- ▶ IRS rules require this
- ▶ If you don't take out some (doesn't have to be all) of your money, you'll have to pay a 50% excise tax (thank you, IRS) on the amount you "should" have taken
- ▶ Amount you have to take out is based on your age and has to come out every year
- ▶ The Plan does these calculations and sends checks in mid-December each year

## What do I need to complete a distribution application?

- ▶ Fill out the form completely
  - ▶ If you're married, you need your spouse's signature and marriage license
  - ▶ If you're divorced, you need the QDRO
  - ▶ Same proof as for Pension Plan
- ▶ Choose the way you'd like to receive your distribution (lump sum; partial; installment)