



# MECHANICS' LOCAL 701 DEFINED CONTRIBUTION 401(k) PLAN

361 S. FRONTAGE ROAD, SUITE 100 | BURR RIDGE, IL 60527

TELEPHONE: (708) 482-0110 | TOLL FREE: (800) 704-6271 | FAX: (708) 482-4242

## SUMMARY OF MATERIAL MODIFICATION

November 2023

To All Plan Participants:

On December 29, 2022, the Securing a Strong Retirement Act ("SECURE 2.0 Act") was enacted into law as part of the Consolidated Appropriations Act of 2022. As a result of the SECURE 2.0 Act, the Board of Trustees of the Mechanics' Local No. 701 Defined Contribution 401(k) Plan ("Plan") made the below changes to the Plan. Please keep this notice with your Summary Plan Description ("SPD") booklet for future reference.

### REQUIRED BEGINNING DATE CHANGES

The SECURE 2.0 Act changed the date the Plan must begin making required minimum distributions, otherwise known as the Required Beginning Date. Your pension benefit must begin on your Required Beginning Date.

Before the SECURE 2.0 Act, your Required Beginning Date was the later of the April 1<sup>st</sup> following the calendar year in which you terminated from Covered Employment or turned age 72. The SECURE 2.0 Act increased the Required Beginning Date from age 72 to 73, for people who turn 72 on or after January 1, 2023.

In other words, if you turn 72 **on or after January 1, 2023**, your Required Beginning Date is the later of the April 1<sup>st</sup> following the calendar year in which you terminate from Covered Employment or turn 73. However, if you turned 72 **before January 1, 2023**, your Required Beginning Date has not changed and will continue to be the later of the April 1<sup>st</sup> following the calendar year in which you terminated from Covered Employment or turned 72.

### QUALIFIED BIRTH OR ADOPTION DISTRIBUTIONS ("QBADS")

Beginning December 29, 2022, you have three (3) years to recontribute up to the amount you received as a qualified birth or adoption distribution ("QBAD") to the Plan as a Rollover Contribution. This three-year period begins the day after the date on which you received the QBAD.

For example, if you received a QBAD on January 11, 2023, you would have until January 12, 2026 to recontribute some or all of the QBAD amount that you received.

**Note:** If you received a QBAD *before* December 29, 2022, you have **until January 1, 2026** to recontribute up to the amount you received as a QBAD to the Plan as a Rollover Contribution.

### **SMALL BENEFIT CASH-OUT**

The SECURE 2.0 Act also allows Plans to increase the limits on small benefit cash-out payments. Accordingly, effective January 1, 2024, the Plan is amended to add a small benefit cash-out. If the balance of your Individual Account in the Plan is \$1,000.00 or less as of the date of distribution of your Individual Account, you will receive your Individual Account balance in the form of a single lump-sum cash-out.

However, if the balance of your Individual Account in the Plan is more than \$1,000.00 and less than \$7,000.00 as of the date of distribution of your Individual Account, your Individual Account balance will be deposited via Direct Rollover into an Individual Retirement Plan designated by the Plan Administrator, unless you elect otherwise.

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This announcement is intended to be a Summary of Material Modifications and comply with the notice requirements under federal law. If you have any questions about these changes, please contact the Fund Office.

Sincerely,

Board of Trustees