

Southern Illinois Laborers' and Employers  
Annuity Fund

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Summary Plan  
Description

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August 1, 2024

# Southern Illinois Laborers' and Employers Annuity Fund

This booklet describes the benefits provided through the Annuity Fund. The Annuity Fund was created as one more response to the recognized need of workers for a means to accumulate money to protect themselves and their families in the event of death or disability during their working years, and to provide an additional measure of financial security in retirement. It is similar to a wage-savings plan in that a participant's benefit is equal to the actual contributions paid on his or her behalf to the Annuity Fund plus investment earnings minus a small service charge for administration. It has the advantage over a savings plan in that contributions made to the Annuity Fund and interest earnings on the accumulated contributions are not taxable to the participant as current income.

This booklet provides a summary of the most important provisions of the Annuity Fund and provides answers to questions that you are most likely to have.

If you have any further questions about the Annuity Fund or desire any additional information, please contact the Fund Office.

*Nothing in this booklet is meant to interpret or change in any way the provisions expressed in the Plan Document. If there is a discrepancy between the wording in this Summary Plan Description and the Plan Document, the Plan Document will govern. Only the full Board of Trustees has the discretion and authority to interpret the Annuity Plan described in this booklet. No Employer, Union or any representative of any Employer or Union, in such capacity, is authorized to interpret the Annuity Plan nor can any such person act as agent of the Trustees. The Trustees reserve the right to amend, modify or discontinue all or part of the Retirement Savings Plan whenever, in their judgment, conditions so warrant.*

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*This is the 2024 edition of the Summary Plan Description and is based on all amendments made to the Plan through the date of printing of this booklet. Information in this booklet applies to all participants who become eligible for benefits or who Retire on or after August 1, 2024. The eligibility and/or benefits of an individual who Retired before August 1, 2024 are determined in accordance with the provisions of the Plan in effect at that time.*

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# Introduction

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## Southern Illinois Laborers' and Employers Annuity Fund

The Annuity Fund was established by a Trust agreement approved August 20, 1987, between the Southern Illinois Laborers' District Council and the Associated General Contractors of Illinois. The purpose of the Annuity Fund is to provide retirement and disability benefits to the participants.

As used in this booklet, the term "Association" means the Associated General Contractors of Illinois, "Employer" means a member of the Association which is a party to a collective bargaining agreement negotiated with the Union under which the Annuity Fund is established and maintained, and "Union" means a local union of the Southern and Central Illinois Laborers' District Council which is a party to a collective bargaining agreement negotiated with an Employer under which the Annuity Fund is established and maintained.

This booklet describes the Annuity Fund in effect August 1, 2013, and applies to individuals who were employed on or after that date. Former active participants of the Annuity Fund who incurred a break-in-service before that date had their benefits determined under the Annuity Fund as it existed at the time of such break. Thus, parts of the Annuity Fund as described in this booklet will have no effect on them or their benefits.

**This summary presents the main features of the Annuity Fund. The rights and benefits of participants are determined not by this summary but by the formal legal instrument setting forth the Annuity Fund. In the case of any conflict between the discussion in this summary and the provisions of the Annuity Fund, the provisions of the Annuity Fund will govern.**

You are welcome to inspect a copy of the Annuity Fund document at the Fund Office or you may request a copy of it from the Fund Office. The Fund Office, however, may request payment of a reasonable charge for the copy.

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# Frequently Asked Questions

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**(1) What was the effective date of the Annuity Fund?**

The Annuity Fund became effective as of August 1, 1987. The Annuity Fund was established under a Trust agreement between the Southern Illinois Laborers' District Council and the Associated General Contractors of Illinois.

**(2) How do I become a participant in the Annuity Fund?**

You automatically become a participant when you begin covered employment. Covered employment is employment with an Employer who has a collective bargaining agreement requiring an Annuity Fund contribution to be made on your behalf (see "Participation in the Annuity Fund" section). You may also become a participant if your Employer signs a Participation Agreement with the Annuity Fund requiring contributions to be made on your behalf.

**(3) Who pays the cost of the Annuity Fund?**

The entire cost of the Annuity Fund is paid for by Employer contributions. The amount your Employer contributes is specified in your collective bargaining agreement (see "Contributions" section).

**(4) Who administers the Annuity Fund?**

The Annuity Fund is administered by the Joint Board of Trustees. There are an equal number of Union and Employer Trustees as required by the Agreement and Declaration of Trust. The Annuity Fund is administered in the same office as the Southern Illinois Laborers' and Employers Health & Welfare Fund.

**(5) How much will I get and how is it determined?**

As we mentioned earlier, the amount your Employer contributes for you is specified in your collective bargaining agreement. These contributions are credited monthly to your Participant Account. Each July 31st, the Valuation Date, investment income and losses as well as Annuity Fund expenses are credited to your account. If you are vested when you terminate your employment, you will receive the balance in your account (see "Participant Accounts" section).

**(6) When will I become vested as a participant?**

You become vested after you have earned one hour of service (see "Service" section). If your contributions are required to be reported on some basis other than hours worked, you become vested when the first dollar (\$1.00) of contributions are made on your behalf.

**(7) How will I know how much is in my Participant Account?**

Each year you will receive a statement showing the value of your Participant Account. If you do not receive a statement, you can contact the Fund Office to get information about your Participant Account.

**(8) How will the Annuity Fund assets be invested?**

The Joint Board of Trustees is responsible for holding and investing all Annuity Fund assets. They try to obtain the highest investment yields consistent with safe financial management. The investment earnings that will be credited will include both interest and changes in the market value of the Annuity Fund's total investments as of any Valuation Date. The Joint Board of Trustees intends to make every effort to invest these funds to produce favorable earnings for participants, but the investment results are not guaranteed. If the market value of the Annuity Fund's total investments is lower than the total amount in all Participant Accounts as of any Valuation Date, the value of each Participant Account will be reduced proportionately.

**(9) When will I receive payments from my Participant Account?**

In general, you (or your beneficiary) are eligible to receive the amount in your Participant Account when:

- (a) You reach age 55, retire, and have applied for and are eligible to receive a pension from the Central Laborers' Pension Fund, or
- (b) You have 30 Years of Service, you retire and have applied for and are eligible to receive a pension from the Central Laborers' Pension Fund, or
- (c) You die, or
- (d) You become totally and permanently disabled as determined by the Trustees, or
- (e) You are vested and have a break in service (see "Service" and "Vesting" sections).

See "Eligibility for Benefits" section.

**(10) How will annuity payments be made?**

You may choose to receive your Participant Account (1) in a one-time partial lump sum distribution of your Participant Account in an amount less than the full balance of your Account, or (2) in a single lump sum distribution, or (3) as a direct rollover, or (4) as an annuity contract payable as a fixed monthly amount in equal installments over a period of 60 or 120 months, or (5) as an annuity contract payable during your lifetime with 50% or 75% of the monthly annuity continuing to your beneficiary until their death (see "Form of Payment" section for additional details and requirements regarding these payment options).

If the value of your account is greater than \$7,000 and you are married, you <u>cannot</u> choose option (1), (2) or (3) without your spouse's written consent. If the value of your account is \$7,000 or less, your account will be paid as a lump sum.
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**(11) What if I die before receiving all of my Participant Account?**

If you die before you begin to receive payment of the amount in your Participant Account, your designated beneficiary will receive your Participant Account in a lump sum or as an annuity contract payable as a fixed monthly amount in equal installments over a period of 60 or 120 months, whichever the beneficiary elects.

**(12) How do I designate a beneficiary?**

A Beneficiary Designation Form should be completed and returned to the Fund Office. If you have not already completed a form for the Annuity Fund, or if you desire to change a previous beneficiary designation, additional forms may be obtained by contacting the Fund Office or your local Union. If you are married and you and your spouse have been married continuously for at least one year, you may not name someone other than your spouse as a beneficiary without your spouse's written consent (see "Beneficiary" section).

**(13) What if I leave the industry or move to another part of the country before retirement?**

If you are vested, you are still entitled to receive the money in your Participant Account. After the one-year anniversary of your termination of covered employment, you are entitled to receive the money in your Participant Account once you have completed the proper application (see "Eligibility for Benefits" section).

**(14) Is there any way in which my Employer contributions made for me will not be paid to me or my designated beneficiary under the Annuity Fund?**

The only way you or your beneficiary would not be entitled to receive 100% of the value of your Participant Account is if you leave covered employment before completing a year of service. Once you have completed a year of service, you are 100% vested and entitled to the full value of the account upon your retirement, disability, death, or separation from service (see "Service" and "Vesting" sections).

**(15) How do I apply for benefits?**

A participant who retires or terminates from employment should request an application from the Fund Office. Payment cannot be made until an application is received at the Fund Office and approved by the Joint Board of Trustees who are responsible for making sure that all rules of the Annuity Fund are followed.

**(16) If my application is denied, do I have the right to appear?**

Yes. You (or your authorized representative) simply file a written appeal with the Fund Office no later than 90 days after you receive the notice of denial. You may at this time request a hearing from the Joint Board of Trustees. You also have a right to review pertinent documents and to submit comments in writing (see "Application for Benefits" section).

The Joint Board of Trustees will make a decision regarding the appeal within a reasonable time after it is filed. The decision will be in writing and will include the specific basis for the decision and specific references to Annuity Fund provisions on which the decision was based. The decision of the Joint Board of Trustees will be final and binding on all concerned.

**(17) Do I have to pay tax on the money in my Participant Account?**

The money in your Participant Account is not considered taxable income until you receive it. When the money in your Participant Account is paid directly to you, it must be reported as taxable income and federal taxes are withheld at a rate of 20%. If you elect a direct rollover of your Participant Account into a qualified retirement plan or individual retirement account, the money is not reported as taxable income. If you select one of the annuity payment forms, only the amount paid to you in a given year is reported as taxable income.

To actually determine what may be the best way for you to take the money in your Participant Account (lump sum or monthly payments) and the tax consequences of any payments you receive, you should discuss your particular circumstances with a competent tax advisor. The Joint Board of Trustees or the staff at the Fund Office cannot help you in this matter.

**(18) If I owe money, can I sign over my rights to my Participant Account?**

No. The Annuity Fund contains a provision forbidding any assignment, pledging, or otherwise disposing of your Participant Account.

**(19) May I take money out of my Participant Account before I retire or quit?**

Yes, under special circumstances, you may be eligible for a hardship withdrawal. The Annuity Fund allows hardship withdrawals for the purchase of your home, to pay education expenses, to pay medical expenses, to pay burial or funeral expenses, and to prevent eviction from your home. You may only take a hardship withdrawal three times, however a fourth hardship withdrawal is permitted solely to pay burial or funeral expenses (see "Hardship Withdrawals" section for additional details and information).

**(20) May I borrow money from my Participant Account?**

No. The Annuity Fund contains a provision forbidding loans to participants.

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# Participation in the Annuity Fund

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## Eligibility for Participation

If you were a participant on July 31, 2009, and working in covered employment on August 1, 2009, your participation will continue without interruption.

Otherwise, you become a participant when you have completed an hour of service in covered employment (see "Service" section).

Also, if you are a full-time employee of a Union that agrees or has agreed to participate in the Annuity Fund, or if your contributions are required to be reported on some basis other than hours worked, you become a participant when the first dollar (\$1.00) of contributions are made on your behalf.

## Termination of Participation

You continue to be an active participant of the Annuity Fund and are eligible to earn benefits under it until:

- You retire;
- You die;
- You become disabled; or
- You incur a break-in-service (see "Service" section).

After active participation ends, you remain an Annuity Fund participant so long as you (or your beneficiary) have a right to receive a benefit payable now or in the future under the Annuity Fund. You receive no additional contributions unless you again become an active participant.

Your right to receive a benefit after termination of covered employment is determined on the basis of your years of service (see "Service" section).

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# Service

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Service is important because it is used to determine whether or not you will receive your account balance when you leave covered employment. The term covered employment and other terms that you need to know are defined below:

## **Covered employment**

Covered employment is employment with an Employer who has a collective bargaining agreement requiring contributions to be made on your behalf to the Annuity Fund.

## **Hour of service**

You earn an hour of service for each hour in which you work in covered employment. If you are a full-time employee of a Union that agrees or has agreed to participate in the Annuity Fund, or if your contributions are required to be reported on some basis other than hours worked, you earn an hour of service when the first dollar (\$1.00) of contributions are made on your behalf.

## **Plan year**

A plan year means the 12-month period beginning on August 1st and ending on July 31st.

## **Break in service**

A break in service is any plan year in which you work fewer than 1 hour in covered employment. If you are a full-time employee of a Union that agrees or has agreed to participate in the Annuity Fund, or if your contributions are required to be reported on some basis other than hours worked, you will incur a break in service during any plan year in which less than one dollar (\$1.00) of contributions are made on your behalf.

## **Break year**

A break year is a plan year in which you had a break in service.

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# Contributions

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## **Employer contributions**

The distributions paid by the Annuity Fund are not free. Your Employer makes contributions on your behalf for each hour and/or week you work in covered employment. These contributions begin when you commence covered employment. No contributions are made prior to your Employer's effective date. Your Union dues do not pay for the Annuity Fund. The amount your Employer contributes is specified in your collective bargaining agreement.

### **Effective date**

This means the date your Employer started making contributions to the Annuity Fund. The Annuity Fund began August 1, 1987; therefore, no Employer has an effective date before August 1, 1987. If you are not sure what your Employer's effective date is, you can find out from the Fund Office.

## **Employee contributions**

You are not permitted to make contributions to the Annuity Fund.

## **Rollover contributions**

The Annuity Fund does not accept rollover contributions.

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## Participant Accounts

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All contributions to the Annuity Fund and the investment income that they earn are deposited in Participant Accounts. A separate Participant Account is set up for each participant.

The Employer contributions made on your behalf are credited monthly to your Participant Account or, if later, when actually received from your Employer.

Each July 31st, your Participant Account is updated to reflect payments you received from your Participant Account during the plan year, investment income, and administrative expenses.

You will receive a statement each year after the Valuation Date (July 31st) showing you the value of your Participant Account. Your statement will also show the amount your Employer contributed on your behalf for the plan year, and your share of investment income, and administrative expenses [s](#).

If you do not get a statement by December 31st, you should contact the Fund Office.

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## Military Service

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If you leave covered employment to serve in the military, Employer contributions may be made to your account for the time you spend in service, up to five years (or longer if required under federal law). Any contributions may be made to your account upon your return to work. No investment earnings are credited for the period of time in the military.

To be eligible to receive these contributions, your military service must be qualified service as defined under the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA). You must also meet all USERRA regulations and apply for reemployment within the time period USERRA requires.

If you die while in qualified military service as defined in the Uniformed Services Employment Rights and Reemployment Act (USERRA), then eligibility for any death benefits under the Plan shall be determined as if you had returned to Covered Employment the day before your death. Effective for years beginning after December 31, 2008, Compensation shall include military differential wage payments (as defined in Section 3401(h) of the Internal Revenue Code.) The intent of this provision is to comply with the mandatory provisions of the Heroes Earnings Assistance and Relief Tax Act of 2008 (“HEART Act”).

If you die on or after January 1, 2007 while performing qualified military service (as defined in Code §414(u)(5)), the period of such Participant’s qualified military service shall be treated as Vesting Service under the Plan.

Contact your Employer or the Fund Office for additional information.

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## Allocation of Investment Income

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On each Valuation Date (that is each July 31st), the Annuity Fund is examined to determine the investment income for the Fiscal Year/plan year. Investment income includes interest, dividends, realized gains or losses from the sale of investments, capital gains, unrealized gains and losses, and investment expenses. An unrealized gain and loss represents the difference between what was paid for an investment such as a stock and what you could sell it for on the Valuation Date. Once the investment income is determined, it is allocated among all participants who are vested and who have a Participant Account at the end of the Fiscal Year (the current Valuation Date). Your Participant Account at the end of the Fiscal Year will already reflect your Employer's contributions made on your behalf and any payments you received from your Participant Account since the beginning of the Fiscal Year and your share of the expenses. The investment income or loss is allocated to your Participant Account by the ratio of your Participant Account on the Valuation Date to the total of all Participant Accounts on the Valuation Date. In the event that you withdraw funds from your account at any time prior to the Valuation Date of a current Fiscal Year you will not receive earnings from that current Fiscal Year on the funds withdrawn regardless of the amount of time those funds were held in investment accounts. If you have a zero balance as of the end of a Fiscal Year, your account is considered terminated, and earnings are not applied to terminated accounts.

### Examples

- A. The investment income earned during the year is \$100,000. The total amount in the Participant Accounts on the Valuation Date is \$1,500,000. You have one or more years of service; therefore, you are vested.

(1)	Your Participant Account on the prior Valuation Date	\$6,000.00
(2)	Payments received by you during the plan year	0.00
(3)	Contributions made on your behalf during the plan year	500.00
(4)	Your share of the expenses	28.57
(5)	Your Participant Account on the Valuation Date, (1) - (2) + (3) - (4)	6,471.43
(6)	Your share of the investment income, $\$100,000 \times (5) / \$1,500,000$	431.43

- B. Let us suppose that everything is the same as in example A except you received payments of \$3,000 during the plan year.

(1)	Your Participant Account on the prior Valuation Date	\$6,000.00
(2)	Payments received by you during the plan year	3,000.00
(3)	Contributions made on your behalf during the plan year	500.00
(4)	Your share of the expenses	28.57
(5)	Your Participant Account on the Valuation Date, (1) - (2) + (3) - (4)	3,471.43
(6)	Your share of the investment income: $\$100,000 \times (5) / \$1,500,000$	231.43

- C. If you are not vested, you will not receive a share of the investment income, if any, in your Participant Account (see "Vesting" section).

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# Allocation of Administrative Expenses

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On each Valuation Date (July 31st), the administrative expenses that have accrued since the last Valuation Date are allocated. A few of the more common items that may be included as administrative expenses are postage, recordkeeping fees, attorney fees, accounting fees, and printing costs. Administrative expenses shall be allocated among all participants who have a Participant Account on the Valuation Date. Your share of administrative expenses is determined by dividing the administrative expenses by the total number of Participant Accounts. Any newly enrolled Participant, or Participant who otherwise holds a zero-beginning account balance, shall not be assessed a share of administrative expenses during the first Fiscal Year of participation. During the second Fiscal Year of participation, a Participant shall be assessed administrative expenses if the Participant's Account balance exceeds \$2,000.00. After two Fiscal Years, all Participants shall be assessed administrative expenses regardless of their account balance.

## Examples

A. Let us assume: The administrative expenses for the year are \$80,000. The total number of Participant Accounts on the Valuation Date is 2,800.

(1) Your Participant Account on the prior Valuation Date	\$6,000.00
(2) Payments received by you during the plan year	0.00
(3) Contributions made on your behalf during the plan year	500.00
(4) Your Participant Account on the Valuation Date before expenses, (1) - (2) + (3)	6,500.00
(5) Your share of the expenses, \$80,000 / 2,800	28.57
(6) Your Participant Account on the Valuation Date, (4) - (5)	6,471.43

B. Let us assume: The administrative expenses for the year are \$80,000. The total number of Participant Accounts on the Valuation Date is 2,800. You were not a participant on the last Valuation Date, and you are not vested. (See "Vesting" section)

(1) Your Participant Account on the prior Valuation Date	\$ 0.00
(2) Payments received by you during the plan year	0.00
(3) Contributions made on your behalf during the plan year	50.00
(4) Your Participant Account on the Valuation Date before expenses, (1) - (2) + (3)	50.00
(5) Your share of the expenses, \$80,000 / 2,800	28.57
(6) Your Participant Account on the Valuation Date, (4) - (5)	21.43

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## Missing Participants or Beneficiaries

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If the Fund is unable to locate you or your beneficiary and obtain a written application from you or your beneficiary before you attain or would have attained the Required Beginning Date as defined in the Plan or before a distribution is due to a you or your beneficiary pursuant to the terms of the Plan Document, the Fund may seek the assistance of an outside, third party service provider to locate you or your beneficiary. In addition, if you or your beneficiary's personal information such as home address, social security number, or date of birth are not on file with the Fund, a third-party service provider may be utilized to secure this information. The Fund shall be authorized to collect fees and expenses from your account for reasonable expenses incurred in attempting to locate a missing participant or beneficiary or to secure personal information. As a result, it is extremely important to keep your personal information (and your beneficiary's personal information) up to date.

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## Vesting

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If at the time you leave covered employment you are vested, you will be entitled to the balance in your Participant Account. However, if you leave covered employment before you are vested, you will not be entitled to anything from the Annuity Fund.

You will be 100% vested when you have earned one hour of service (see "Service" section). If you are a full-time employee of a Union that agrees or has agreed to participate in the Annuity Fund, or if your contributions are required to be reported on some basis other than hours worked, you become 100% vested when the first dollar (\$1.00) of contributions are made on your behalf.

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# Eligibility for Benefits

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## Normal retirement

You may retire and receive the balance in your Participant Account when you meet the following requirements:

- You have attained age 65
- You have applied for and are eligible to receive a pension from the Central Laborers' Pension Fund
- You have terminated covered employment
- You complete an application form

Your Participant Account will be equal to the amount in your Participant Account on the last Valuation Date plus the contributions made by your Employer on your behalf since the last Valuation Date. You will be entitled to commence payments within 30 days after your application has been approved by the Joint Board of Trustees.

## Early retirement

You may retire and receive the balance in your Participant Account when you meet the following requirements:

- You have attained age 55 or you have 30 years of service
- You have applied for and are eligible to receive a pension from the Central Laborers' Pension Fund
- You have terminated covered employment
- You complete an application form

Your Participant Account will be equal to the amount in your Participant Account on the last Valuation Date plus the contributions made by your Employer on your behalf since the last Valuation Date. You will be entitled to commence payments within 30 days after your application has been approved by the Joint Board of Trustees.

## Disability retirement

You may retire and receive the balance in your Participant Account if the Joint Board of Trustees declares you disabled and you have completed a Year of Service in the current plan year or the prior plan year. The Joint Board of Trustees will declare you disabled if they find you to be permanently incapable, due to physical or mental disease or by bodily injury, of engaging in any covered employment.

## Example

- A. Let us suppose: You work in covered employment from January 1988 through August 2009. In September 2009, you break your back in an accident leaving you permanently incapable of continuing in covered employment.

You apply for disability retirement. You completed a year of service in the prior plan year August 1, 2008, through July 31, 2009.

You are declared disabled by the Joint Board of Trustees and approved for disability retirement.

Your Participant Account will be equal to the amount in your Participant Account on the last Valuation Date plus any contributions made on your behalf by your Employer since the last Valuation Date. You will be entitled to commence payments within 30 days after your application has been approved by the Joint Board of Trustees.

- B. Let us suppose: You work in covered employment from January 1988 through July 2009. In September 2010, you break your back in an accident leaving you permanently incapable of continuing in covered employment.

You apply for disability retirement. You are denied because you did not earn a year of service in either the current plan year (August 1, 2010, through July 31, 2011) or the prior plan year (August 1, 2009, through July 31, 2010).

## Death benefits

If your covered employment is terminated due to your death or you are vested and die after leaving covered employment but before commencement of your benefits, your beneficiary will be entitled to receive the balance in your Participant Account. Your beneficiary will be entitled to commence payments within 30 days after their application has been approved by the Joint Board of Trustees.

## Termination

If you are vested and terminate covered employment, you will be entitled to the balance in your Participant Account.

If you are not vested, you will not be entitled to any of the money in your Participant Account.

No distribution will be paid until you complete an application form. Your distribution will be payable within 30 days following the one-year anniversary of your termination date and approval of your application by the Joint Board of Trustees.

## **Example**

If you left covered employment on August 15, 2010, the earliest you could expect to receive a distribution would be September of 2011.

If you are rehired and begin working in covered employment before you have received your entire Participant Account balance due to your prior employment, no further payments will be made to you until you qualify for retirement, die, or again terminate covered employment and reapply for benefits.

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## Required Beginning Date

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As required by IRS required minimum distribution rules, payment of benefits will begin no later than April 1 of the calendar year following the calendar year in which you reach age 70½. If you reach age 70 ½ after December 31, 2019, then the payment of benefits will begin no later than April 1 of the calendar year following the calendar year in which you reach age 72. If you reach age 72 after December 31, 2022, then the payment of benefits will begin no later than April 1 of the calendar year following the calendar year in which you reach age 73.

For more information regarding required minimum distributions, please review the detailed provisions set forth in the Fund's Plan Document or contact the Fund Office.

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## **Beneficiary**

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You may designate a beneficiary on a form provided by the Joint Board of Trustees. If you are married, your eligible spouse is automatically your beneficiary.

In order for your spouse to be an eligible spouse, you and your wife or husband must have been married continuously at the time of your death for at least 12 months.

If you wish to name someone other than your eligible spouse as your beneficiary, your eligible spouse must consent in writing to your choice. This consent must be signed by your spouse and witnessed by a notary public or by a representative of the Joint Board of Trustees.

If, at the time of your death, your designated beneficiary is also deceased, your spouse becomes your beneficiary. If you are not married or your spouse is deceased, then your dependent children become your beneficiary, or if you have no dependent children, your estate becomes your beneficiary.

If your beneficiary survives you, but dies without receiving your entire Participant Account, the remaining balance is paid to the person selected by your beneficiary, or if no one was named, to your beneficiary's estate.

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# Hardship Withdrawals

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While the Annuity Fund is primarily designed to provide retirement benefits, you may withdraw some amounts while you are still employed in covered employment provided you have not already received three hardship withdrawals. You may make a withdrawal only if you can establish financial hardship. A financial hardship means you have hardship expenses and you do not have other resources available to meet these expenses.

## **Hardship expenses**

The following are considered hardship expenses:

- Purchase of your primary residence.
- Payment for tuition expenses for you or a dependent.
- Payment for unreimbursed medical expenses for you or a dependent.
- Payment for burial or funeral expenses for your deceased parent, spouse, children, or dependents.
- Payment to prevent eviction from your primary residence.

The maximum amount that you may withdraw is the lesser of:

- 50% of the balance of your Participant Account.
- The amount necessary to satisfy your financial need, plus the 10% excise tax due on account of this withdrawal.

The minimum amount that you may withdraw is \$1,000.

You may only receive a hardship withdrawal three times; however, a fourth hardship withdrawal is permitted solely to pay burial or funeral expenses for your deceased parent, spouse, children, or dependents; thereafter you are not eligible for a hardship withdrawal.

## **Example**

Your spouse needs a heart transplant and you have incurred unreimbursed medical expenses. You apply for and receive a hardship withdrawal. One year later, you apply for a hardship withdrawal to help pay for additional unreimbursed medical expenses in connection with the heart transplant and receive a second hardship withdrawal. Two years later, you apply for a hardship withdrawal to help you purchase a new home, receiving a third hardship withdrawal. One year later you apply for a hardship withdrawal to help you pay the tuition expenses for your child, you are denied because you have already received three hardships withdrawals. In this example, if the fourth hardship withdrawal you applied for was to pay burial or funeral expenses for your deceased parent, spouse, children or dependent, you would be permitted a fourth hardship withdrawal.

Hardship withdrawals are includable in income and are subject to withholding taxes and a 10% penalty tax on the amount withdrawn. You are permitted to request a hardship withdrawal amount large enough to cover the withholding tax and 10% penalty tax.

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## **Application for Benefits**

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If you are planning to retire or if you or your beneficiary believe that you are otherwise eligible to receive benefits from the Annuity Fund, you should contact the Fund Administrator or Fund Office. You will then be given information concerning your benefits and the proper application forms.

If a benefit is denied in whole or in part, you or your beneficiary will receive a written notice which explains the reason for the denial, refers to the part of the Annuity Fund on which the denial is based, and reviews the appeal procedure.

You or your beneficiary can appeal a claim that is denied and will receive a full and fair review by the Joint Board of Trustees. You may also review any documents that are related to the claim. A request for an appeal must be made in writing within 90 days of the date you received your notice of claim denial and you may submit written comments.

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# Form of Payment

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When you terminate due to retirement, death or for other reasons, the amounts credited to your Participant Account becomes payable. You or your beneficiary will select the form of payment from the following:

(a) A one-time partial lump sum distribution of an amount less than your entire Participant Account. This form of benefit payment is available to retired Participants only

(b) Single lump sum payment

(c) Direct rollover

(d) A 60 months certain annuity contract

Under this form of payment, your Participant Account is used to purchase an annuity from a reputable company licensed to do business in Illinois. You will receive 60 equal monthly payments. The amount of the payment is determined by the amount in your Participant Account.

(e) A 120 months certain annuity contract

Under this form of payment, your Participant Account is used to purchase an annuity from a reputable company licensed to do business in Illinois. You will receive 120 equal monthly payments. The amount of the payment is determined by the amount in your Participant Account.

(f) A 50% joint and survivor annuity

Under this form of payment, your Participant Account is used to purchase an annuity from a reputable company licensed to do business in Illinois. You will receive monthly payments until you die. After your death, your beneficiary will receive monthly payments equal to 50% of your monthly payment until their death.

(g) A 75% joint and survivor annuity

Under this form of payment, your Participant Account is used to purchase an annuity from a reputable company licensed to do business in Illinois. You will receive monthly payments until you die. After your death, your beneficiary will receive monthly payments equal to 75% of your monthly payment until their death.

At the time you terminate due to retirement, death or for other reasons, the balance of your Participant Account is \$7,000 or less, your benefit will be paid in the form of a single lump payment or a direct rollover.

Payments will commence within 30 days after the Joint Board of Trustees has received and approved your application for benefits following your retirement or death.

If your employment is terminated for any reason other than retirement or death, your payments will commence within 30 days after the first anniversary of your date of termination and after the Joint Board of Trustees has received and approved your application for benefits.

On or after January 1, 1993, if your distribution is in a form that is eligible for rollover, you may elect to have all or a portion of it directly rolled over into either another qualified retirement plan or an Individual Retirement Arrangement (IRA). Any portion of such a distribution which is not directly rolled

over will be subject to a mandatory 20% withholding for federal tax purposes prior to the distribution being made.

If at the time of your termination, death, or retirement, you have a spouse to whom you have been continuously married for at least one year and the value of your Participant Account exceeds \$7,000, the Annuity Fund will pay your distribution under (e) as if you had elected a 50% joint and survivor annuity contract. This will pay you a monthly benefit during your lifetime and, upon your death, will continue one-half of your monthly payment to your spouse for his/her lifetime. If you do not want to receive your Participant Account as a 50% joint and survivor annuity or a 75% joint and survivor annuity, you may elect to receive your distribution under (a), (b), (c) or (d); however, your spouse must consent in writing to the form of payment selected.

Please note: If the value of your Participant Account is less than \$7,000 whether you are married or single, the only form of payment available to you is a single sum payment (payment form (a)) or a direct rollover (payment form (b)).

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## Reemployment

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If your covered employment is terminated but you are later reemployed in covered employment, your Annuity Fund benefits could be affected by a break in service (see “Service” section).

If you are reemployed before you have a break in service, you will be treated as if you had never terminated your covered employment.

If at the time your covered employment is terminated you were vested and you are reemployed after a break year (see “Service” section), your years of service earned before your break years will be added to your years of service earned after your reemployment.

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## Situations That Affect Annuity Fund Benefits

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There are some situations you should know about that could affect Annuity Fund benefits or your receipt of benefits.

- If you transfer to or from a position with an Employer which is not covered employment by this Annuity Fund, in determining eligibility to receive any benefits under the Annuity Fund, you will be entitled to take into consideration this other service. However, Employer contributions to this Annuity Fund will not be made on your behalf.
- If you (or your beneficiary) are legally incapable of receiving your benefit, the Annuity Fund can pay the benefit to a legal guardian. If a guardian has not been appointed, the benefit can be paid to a spouse, child, or other person or institution the Joint Board of Trustees believes is responsible for care.
- The law imposes a maximum limit on the amount of annual contribution for an individual to this Annuity Fund. This maximum limit is currently \$49,000 per year.
- The Joint Board of Trustees intends for this Annuity Fund to be permanent but must reserve the right to terminate it. If this happens, the Trust Fund will be used to pay out benefits to those who are eligible for them according to an orderly procedure established by law.
- If the Annuity Fund is ever terminated, the account of each participant will immediately become nonforfeitable.
- Benefits under this Annuity Fund are not insured by the Pension Benefit Guaranty Corporation (PBGC) if the Annuity Fund terminates. There is no need to insure your account. Since your Annuity Fund is a defined contribution plan, contributions are credited right into your own account. Moreover, if the Annuity Fund terminated or your Employer goes out of business, your account becomes nonforfeitable. Recognizing this, the government exempts these plans from buying termination insurance.
- The Joint Board of Trustees has the right to amend or modify the Annuity Fund from time to time.
- If the Annuity Fund must be changed in order to obtain Internal Revenue Service approval and the change substantially affects benefits, you will be notified.
- The law requires that special rules be applied to plan benefits if the Annuity Fund is determined to be top-heavy. A plan is top-heavy if the account values for key employees exceed 60% of the account values for all employees. The Annuity Fund is not currently top-heavy.
- The Annuity Fund does not permit benefit payments to an alternate payee except in the instance of a Qualified Domestic Relations Order (QDRO). Detailed information is available from the Joint Board of Trustees.

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## If your Application is Denied

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If your application for benefits is denied, wholly or in part, the Fund Office will provide you with a written notice specifying the specific reason or reasons for the denial of benefits and a statement of all rights and procedures for review of the denial.

## **Non-Disability Claims**

If your application for benefits is denied, wholly or in part, the Fund Office will provide you with a written notice that will include:

- The specific reason(s) for the denial;
- Specific reference to pertinent Plan provisions on which the denial is based;
- A description of any additional information necessary as well as an explanation of why such information is necessary;
- A description of the Plan's review procedures and applicable time limits;
- A description of the steps you will need to take if you wish to appeal; and
- A statement of your rights, under ERISA, to bring a civil action after you have exhausted the Plan's appeal process.

## **Disability Claims**

For disability claims, the Fund Office will provide you with a written notice that will also include: A description of Plan's review procedures and applicable time limits applicable to such procedures, including a statement of the right to bring a civil action under ERISA Section 502(a) of the Act following an adverse benefit determination on review;

- A discussion the adverse benefit determination, including an explanation of the basis for disagreeing with or not following:
  - i. The views presented by the claimant to the plan of health care professionals treating the claimant and vocational professionals who evaluated the claimant;
  - ii. The views of medical or vocational experts whose advice was obtained on behalf of the plan in connection with a claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; and
  - iii. A disability determination regarding the claimant presented by the claimant to the plan made by the Social Security Administration;
- If the adverse benefit determination is based on a medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the plan to the claimant's medical circumstances, or a statement that such explanation will be provided free of charge upon request;

- The specific internal rules, guidelines, protocols, standards or other similar criteria the Plan relied upon in making the adverse determination or, alternatively, a statement that such rules, guidelines, protocols, standards or other similar criteria of the Plan do not exist;
- A statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant, as that term is defined at 29 CFR 2560.503-1(m)(8), to the claimant's claim for benefits; and
- The notification shall be provided in a culturally and linguistically appropriate manner. The Plan is considered to provide relevant notices in a “culturally and linguistically appropriate manner” if the Plan meets the following requirements:
  - i. The Plan must provide oral language services (such as a telephone customer assistance hotline) that includes answering questions in any applicable non-English language and providing assistance with filing claims and appeals in any applicable non-English language;
  - ii. The Plan must provide, upon request, a notice in any applicable non-English language; and
  - iii. The Plan must include in the English versions of all notices, a statement prominently displayed in any applicable non-English language clearly indicating how to access the language services provided by the Plan.

With respect to an address in any United States county to which a notice is sent, a non-English language is an applicable non-English language if ten percent or more of the population residing in the county is literate only in the same non-English language, as determined in guidance published by the Secretary.

## **Appeal Procedures**

You, your authorized representative or beneficiary may file a written appeal with the Fund Office no later than 90 days (180 days for a Disability claim) after you receive notice that your application for benefits has been denied. You also have a right to review pertinent documents and to submit comments in writing.

You may:

- Submit additional materials, including comments, statements, or documents; and
- Request to review all relevant information (free of charge).

## **Appeal Decisions**

Within 60 days after receipt of your written appeal and all supporting documents (or within 45 days after receipt of the written appeal for a Disability claim), the Board of Trustees will complete a new, full, and fair review of your application based on all information available, including any additional information you provide. If special circumstances require an extension, you will be notified within the initial period of the reason for the extension and when you can expect a decision. For non-disability claims, the initial period may be extended up to an additional 60 days. For Disability claims, the initial period may be extended up to an additional 45 days.

For Disability claims only, the Board of Trustees may also render the decision at the next quarterly Board of Trustees meeting. If a request for appeal is received within 30 days prior to a quarterly

meeting, then the decision may be rendered at the subsequent quarterly meeting or if there are special circumstances by the third meeting following receipt of the appeal.

## **Non-Disability Claim Appeals**

After the determination on your appeal is made, you will be sent written notice of the decision. If your non-disability claim is denied on appeal, in whole or in part, the notice will include:

- The specific reason(s) for the denial;
- Specific references to the Plan provisions on which the denial is based;
- Notification of your right to access and copy (free of charge) all documents, records and other information relevant to the claim, and
- A statement of your rights, under ERISA, to bring a civil action after you have exhausted the Plan's appeal process.

## **Disability Claim Appeals**

For disability claims, the Fund Office will provide you with a written notice that will also include:

- The specific reason or reasons for the adverse disability benefit determination;
- Reference to the specific Plan provisions on which the adverse disability benefit determination is based;
- A statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant, to the claimant's claim for disability benefits;
- A discussion of the decision, including an explanation of the basis for disagreeing with or not following:
  - i. The views presented by the claimant to the plan of health care professionals treating the claimant and vocational professionals who evaluated the claimant;
  - ii. The views of medical or vocational experts whose advice was obtained on behalf of the plan in connection with a claimant's adverse disability benefit determination, without regard to whether the advice was relied upon in making the benefit determination; and
  - iii. A disability determination regarding the claimant presented by the claimant to the plan made by the Social Security Administration;
- If the adverse disability benefit determination is based on a medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to your medical circumstances, or a statement that such explanation will be provided free of charge upon request;
- Either the specific internal rules, guidelines, protocols, standards or other similar criteria of the Plan relied upon in making the adverse determination or, alternatively, a statement that

such rules, guidelines, protocols, standards or other similar criteria of the plan do not exist; and

- A statement of your right to bring an action under Section 502(a) of ERISA; and a statement of your right to bring an action under section 502(a) of the Act; which statement shall also describe any applicable contractual limitations period that applies to your right to bring such an action, including the calendar date on which the contractual limitations period expires for the claim.

In the case of an adverse disability benefit determination on review, the notification shall be provided in a culturally and linguistically appropriate manner as described below. The Plan is considered to provide relevant notices in a “culturally and linguistically appropriate manner” if the Plan meets the following requirements:

- The Plan must provide oral language services (such as a telephone customer assistance hotline) that includes answering questions in any applicable non-English language and providing assistance with filing claims and appeals in any applicable non-English language;
- The Plan must provide, upon request, a notice in any applicable non-English language; and
- The Plan must include in the English versions of all notices, a statement prominently displayed in any applicable non-English language clearly indicating how to access the language services provided by the Plan.

With respect to an address in any United States county to which a notice is sent, a non-English language is an applicable non-English language if ten percent (10%) or more of the population residing in the county is literate only in the same non-English language, as determined in guidance published by the Secretary.

Before the Plan can issue an adverse benefit determination on review on a disability benefit claim, the Plan Administrator shall provide you, free of charge, with any new or additional evidence considered, relied upon, or generated by the Plan, or other person making the benefit determination (or at the direction of the plan or such other person) in connection with the claim. Such evidence must be provided as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided under the Plan to give the claimant a reasonable opportunity to respond prior to that date.

In addition, before the Plan can issue an adverse benefit determination on review on a disability benefit claim based on a new or additional rationale, the Plan Administrator shall provide you, free of charge, with the rationale. The rationale must be provided as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided under the Plan to give you a reasonable opportunity to respond prior to that date.

## **Timing of Decision**

For non-Disability claims, you will be notified of the decision of the Board of Trustees within 30 days after conclusion of the hearing.

For Disability claims, you will be notified within 5 days of the date the decision is made.

## **Decision is Final and Binding**

The decision of the Board of Trustees is final and binding. No benefits will be paid under the Plan unless the Trustees (or their delegate) determine that a claim for benefits is valid and that the person claiming the benefits is entitled to them. The Trustees' decision will be given judicial deference in any later court action. You (or any person acting on your behalf) cannot bring a lawsuit against the Plan to recover benefits from the Plan if you do not request a review in accordance with the Plan's procedures.

## **Limitations to File Suit**

Any legal action against the Fund/Plan, Trustees, Plan Administrator, or Administrative Manager must be filed in court within one (1) year of the date the Fund/Plan provides written notice of a decision on an appeal of an adverse benefit determination or any other alleged failure by said Fund/Plan or persons. Failure to bring an action within one (1) year will forever prevent the Participant or beneficiary from taking legal action. In the event that a Participant, beneficiary or any other person claiming interest in the Fund/Plan files suit under state or federal law, then the sole proper venue shall be in the United States District Court for the Southern District of Illinois or the Circuit Court in Marion County, Illinois.

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## Other Rights

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As a participant in the Annuity Fund, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (“ERISA”). ERISA provides that all Annuity Fund participants are entitled to:

### **Receive information for the Annuity Fund and benefits**

Examine, without charge, at the Annuity Fund Administrator’s office, the Fund Office and at other specified locations, such as worksites, all documents governing the Annuity Fund, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the Annuity Fund with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

Obtain, upon written request to the Annuity Fund Administrator, copies of documents governing the operation of the Annuity Fund, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Administrator may make a reasonable charge for the copies.

Receive a summary of the Annuity Fund’s annual financial report. The Annuity Fund Administrator is required by law to furnish each participant with a copy of this summary annual report.

Obtain a statement telling you whether you have a right to receive a pension at normal retirement age (age 65) and, if so, what your benefits would be at normal retirement age if you stop working under the Annuity Fund now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once every 12 months. The Annuity Fund must provide the statement free of charge.

### **Prudent actions by Annuity Fund fiduciaries**

In addition to creating rights for Annuity Fund participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Annuity Fund, called “fiduciaries” of the Annuity Fund, have a duty to do so prudently and in the interest of you and other Annuity Fund participants and beneficiaries. No one, including your Employer, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

### **Enforce your rights**

If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of the Annuity Fund documents or the latest annual report from the Annuity Fund and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Annuity Fund Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Annuity Fund Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the Annuity Fund's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in Federal court. If it should happen that Annuity Fund fiduciaries misuse the Annuity Fund's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

### **Assistance with your questions**

If you have any questions about the Annuity Fund, you should contact the Annuity Fund Administrator. If you have questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Annuity Fund Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

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## Facts You May Need

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The following summary data is furnished so that you may properly request information or refer to the Annuity Fund.

Annuity Fund Name:	Southern Illinois Laborers' and Employers Annuity Fund
Employer Identification Number:	37-1215679
Annuity Fund Number:	001
Type of Plan:	Defined Contribution Plan
Annuity Fund Fiscal Year:	August 1 – July 31
Plan Sponsor:	Joint Board of Trustees of the Southern Illinois Laborers' and Employers Annuity Fund 5100 Ed Smith Way, Suite A Marion, IL 62959 (618) 998-1300
Annuity Fund Administrator:	Joint Board of Trustees of the Southern Illinois Laborers' and Employers Annuity Fund 5100 Ed Smith Way, Suite A Marion, IL 62959 (618) 998-1300
Fund Counsel	Cavanagh & O'Hara 101 W. Vandalia St., Suite 245 Edwardsville, IL 62025

Board of Trustees:

Union Trustees	Employer Trustees
Matt Smith, Chairman LIUNA Midwest Region #1 North Old State Capitol Plaza, Suite 525 Springfield, Illinois 62701	James McPhail, Secretary Southern Illinois Asphalt Co., Inc. 5200 Meadowland Pkwy P.O. Box 518 Marion, Illinois 62959
Rodney Masterson Southern and Central Illinois Laborers District Council 5100 Ed Smith Way, Suite B Marion, Illinois 62959	Robert Balint Howell Paving, Inc. P.O. Box 1115 Salem, Illinois 62881
Jack Skelcher Laborers Local 773 5102 Ed Smith Way Marion, Illinois 62959	Brian Rehbein Egyptian Contractors Association 1500 North Oakland P.O. Box 2107 Carbondale, Illinois 62902
Daniel Wiggins Laborers Local 1197 P.O. Box 56 McLeansboro, Illinois 62859	Jerry Ross Ross Construction, Inc. 504 West Jackson, P.O. Box 249 Marion, Illinois 62959
Jerry Womick Laborers' Local 773 5102 Laborers' Way Marion, Illinois 62959	Laura Wilson ET Simonds Construction P.O. Box 2107 Carbondale, Illinois 62902

The agent of the Annuity Fund for legal process under the requirements of ERISA is the Joint Board of Trustees. Service for legal process may also be served upon any Trustee.

# Notes