

TEAMSTERS LOCAL 639 – EMPLOYERS PENSION FUND

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NOTICE TO THE PARTICIPANTS IN THE TEAMSTERS LOCAL 639-EMPLOYERS PENSION TRUST FUND**SUMMARY OF MATERIAL MODIFICATIONS**

This Notice reports changes to the Teamsters Local 639-Employers Pension Trust Fund Plan document and modifies the Summary Plan Description. You should read it carefully and keep it in a safe place. If there are conflicts between this Notice or other communications and the official Plan document, the official Plan document will govern.

Date: July 2023

From: The Board of Trustees of the Teamsters Local 639-Employers Pension Trust Fund

Subject: Notice of Plan Changes

Dear Participant:

We are writing to inform you about **two** important changes to the Teamsters Local 639 – Employers Pension Trust Fund (the “Pension Plan” or “Plan”).

1. Elimination of Redundant Forms of Payment

In reviewing the form of payment options offered by the Pension Plan, the Trustees of the Plan, after consulting with the Plan’s professionals, have determined that several of the Joint and Survivor Split-Level forms are redundant and can be eliminated in order to streamline the administration of the Plan and simplify the options available to participants. **The right to a 50% Joint and Survivor option on both portions of the Split-Level Benefit form of payment with a Pop-Up will remain.** However, effective **January 1, 2024**, the following form of payment options will be eliminated:

- Split-Level Benefit with 50% Joint and Survivor on the Life Only Portion of the Benefit with Pop-Up
- Split-Level Benefit with 100% Joint and Survivor on Both Portions of the Benefit with Pop-Up
- Split-Level Benefit with 100% Joint and Survivor on the Life Only Portion of the Benefit with Pop-Up

These changes are effective for pensions commencing on or after January 1, 2024.

2. Change in the Plan’s “Required Beginning Date”

The law requires Plan participants to commence pension payments no later than their “Required Beginning Date” (“RBD”). Recent federal legislation has allowed pension plans to delay or “push back” the RBD. The Plan has been amended to change the definition of RBD for participants who attain age 70 ½ on or after January 1, 2023. If you attained age 70 ½ before January 1, 2023, your RBD has not changed: it remains the later of the date you retire or April 1 of the calendar year following the year in which you attain age 70 ½.

However, if you turned, or will be turning, 70 ½ on or after January 1, 2023, your RBD depends on how old you are. Under these new rules, participants who attain age 72 after December 31, 2022 and age 73 before January 1, 2033, must begin to receive their pension payments by the later of the date they retire or by the April 1 of the calendar year following the year in which they turn age 73. Participants who attain age 74 after December 31, 2032 must commence pension payments by the later of the date they retire or the April 1 of the calendar year following the year in which they attain age 75.

Stated another way: You must begin pension payment by the *later of the date you retire or:*

If you were born before **1951**, April 1 of the year following the year you attain age 70 ½.

If you were born in 1951 through 1958, April 1 of the year following the year you attain age 73.

If you were born **in or after 1960***, April 1 of the year following the year you attain age 75.

For example, John Doe has stopped working but has not applied for his pension under the Plan. He was born on July 15, 1952 and reaches age 72 on July 15, 2024. He must commence pension payments no later than April 1, 2026 (the April 1st of the year following the attainment of age 73). If he was born instead on July 15, 1960 and reaches age 74 on July 15, 2034, he must commence pension payments no later than April 1, 2036 (the April 1st of the year following attainment of age 75).

**For participants born in 1959, clarification in the new law is needed because the statute contains an error in the effective date to transition from age 73 to 75. The Plan will provide further information once it is available.*

Note that it is YOUR obligation to apply for pension benefits before your RBD so that your benefits can be paid timely under the law. If you fail to commence your pension by your RBD, the Internal Revenue Service may impose on you an excise tax equal to 25% of the amount you should have received. It is, therefore, very important that you contact the Plan when you are approaching your RBD and to keep the Plan informed if you move and/or change your mailing address. The Plan can then remind you to commence your pension timely under the rules.

3. Change in the Plan's Small Pension Cash-Out Threshold

Under the terms of the Plan, if the present value of your lifetime pension is \$5,000 or less, you will receive a one-time payment equal to the full value of your pension in one lump sum. This is called a small pension cash-out and other forms of payment are not available for these small benefits. If the small pension cash-out payment is \$1,000 or less, it will be paid to you directly, subject to withholding. If the small pension cash-out payment is more than \$1,000 (but not greater than \$5,000), you (or surviving spouse) will be given the option of receiving the lump sum payment directly, subject to withholding, or rolling the lump sum payment into an Individual Retirement Account (IRA) or other qualified retirement plan. Election forms will be provided if this election applies to you.

If a participant who is younger than age 62 (or a surviving spouse at any age) fails to provide the Fund Office with instructions concerning the distribution (by completing the election form), the lump sum will be rolled over into an IRA in the participant's (or surviving spouse's) name with a financial institution designated by the Board of Trustees. The IRA will be invested in a fund designed to preserve principal and provide a reasonable rate of return consistent with liquidity, subject to your right to select another investment option by contacting the financial institution. The fees and expenses associated with the IRA will be charged against the IRA balance, but in no event will those fees and expenses exceed the fees and expenses charged by the financial institution for other comparable IRAs. Finally, the terms of the IRA contract will be free of substantial restrictions on the owner's access to their funds.

Effective January 1, 2024, the small pension cash-out threshold will be increased to \$7,000. That means that the rules set forth above will apply to any lifetime pension with a present value of **\$7,000 or less**. The threshold for application of the special rules for small pension cash-outs with a present value of \$1,000 or less, will not change; it remains at \$1,000.

IT IS IMPORTANT TO NOTE THAT THESE CHANGES TO THE PENSION PLAN WILL NOT AFFECT OR CHANGE ANY BENEFITS EARNED AND WILL NOT AFFECT OR CHANGE THE BENEFITS CURRENTLY BEING RECEIVED BY ANY RETIREES.

We believe these changes will allow us to continue to provide outstanding pension benefits and a financially secure retiree program. If you have any questions about these changes, please call the Fund Office at (202)-636-8181.

Sincerely,

The Board of Trustees