

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

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May 2018

Dear Participants:

The Board of Trustees of the Pipe Fitters' Individual Account and 401(k) Plan, Local 597, as amended (the "Plan") are pleased to announce two separate material modifications to the Plan, which are summarized in this Notice, regarding: (1) a loan program, effective June 1, 2018; and (2) definition of "Twelve Month Termination Date." Please keep this Notice with your Summary Plan Description (SPD) booklet for future reference. Capitalized terms used that are not defined in this Notice have the meaning as defined in the SPD.

SUMMARY OF MATERIAL MODIFICATIONS

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1. PLAN LOANS NOW ALLOWED

Effective June 1, 2018, the Plan has been amended to allow a participant to take out a loan against his or her account balance under the Plan, and this benefit is referred to as the "Loan Program." Specifically, an active participant may borrow from his or her account balance under the Plan ("Individual Account"), subject to certain restrictions summarized in this Notice and outlined in Section 8.3 of the Plan. The Board of Trustees of the Plan ("Trustees") has designated Massachusetts Mutual Life Insurance Company to serve as the Loan Administrator of the Loan Program.

If the participant is married, spousal consent is required to obtain a loan. The principal amount of any loan(s) shall not exceed the lesser of 50% of the participant's accrued Individual Account balance (but not less than \$10,000) or \$50,000.

EXAMPLES:

- A. If you have a vested account balance of \$80,000, you may take a loan up to \$40,000, which is the lesser of 50% of your vested account balance ($50\% \times \$80,000 = \$40,000$) or \$50,000.
- B. If you have a vested account balance of \$120,000, you may take a loan up to \$50,000, which is the lesser of 50% of your vested account balance ($50\% \times \$120,000 = \$60,000$) or \$50,000.

The Trustees are required by law to charge a reasonable rate of interest on any loan. The interest rate on the principal amount is fixed at 1% over the prime interest rate being charged by a financial institution designated by the Trustees. The Trustees have currently designated Amalgamated Bank of Chicago, and the Trustees have the right to change this designation from time to time in their sole discretion. For instance, as of March 2017, the prime interest rate being charged was 4.75%. The effective interest rate of any loan granted under

the Plan in March 2017 would therefore have been 5.75%. Any interest collected from a participant under the Loan Program shall be credited to the participant's Individual Account.

An application for a loan must be made in writing by the participant on a form to be supplied by the Plan and submitted to the Loan Administrator, and any loan granted under the Loan Program must be evidenced by a written Loan Agreement.

Loan repayments will be made monthly, and in substantially equal payments of principal and interest as specified in the initial loan documents. In addition, loan repayments shall not exceed five years, unless the loan is used for the purchase of the participant's primary residence. If the loan is for the purpose of purchasing a primary residence, the period of repayment shall not exceed 15 years. A participant may take a subsequent loan from his or her Individual Account so long as no subsequent loan is taken within two years of the participant's failure to cure a previously defaulted loan, or within two years of the date of full repayment of a previous loan.

Any failure to make timely payment of principal and interest as specified in the loan agreement shall constitute a default. The participant must cure the default by the calendar quarter following the calendar quarter in which the default occurred. If he or she does not, the outstanding balance of the loan is due and payable, and the Plan shall foreclose on the loan in accordance with the loan agreement and the Plan.

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2. DISTRIBUTIONS AND THE TWELVE MONTH TERMINATION DATE

A participant's "Employer Contribution Account" is eligible for distribution upon attaining his or her "Twelve Month Termination Date." Effective February 20, 2018, the Twelve Month Termination Date is the end of the twelve-month period in which the participant has no contributions, including reciprocal contributions, made on his or her behalf to the Pipe Fitters' Welfare Fund, Local 597.

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Please contact the Fund Office at 312-633-0597 with any questions about this Notice or about your benefits under the Plan.

Sincerely,

THE BOARD OF TRUSTEES

This Notice summarizes highlights of certain features of the Plan and is intended to be a Summary of Material Modifications to the Plan. If any inconsistency exists between this Notice and the Pipe Fitters' Individual Account and 401(k) Plan, Local 597 plan document ("Plan Document"), the terms of the Plan Document shall govern, and no benefits shall exist under this Notice unless such benefits exist under the terms of the Plan Document.

SUMMARY OF MATERIAL MODIFICATIONS

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