



HAWAII ELECTRICIANS PENSION FUND

1935 HAU STREET, ROOM 300 • HONOLULU, HAWAII 96819-5003 • PHONE (808) 841-6169 • FAX 847-4596

NOTICE TO NON-RETIRED PLAN PARTICIPANTS

In accordance with the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) reporting requirements, this document serves as your Summary of Material Modifications to the Hawaii Electricians Pension Plan (the “Plan”). Please keep this important notice with your Summary Plan Description (“SPD”) for easy reference to all Plan provisions.

The Board of Trustees of the Hawaii Electricians Pension Plan is providing this notice to explain recent changes made to the Plan in response to the Setting Every Community Up for Retirement Enhancement Act of 2019 (the “SECURE Act”) that was signed into law on December 20, 2019.

This notice discusses two (2) changes to the Plan:

1. The ability to collect pension benefits on or after age 70 ½, even if a Participant continues to work for a Contributing Employer or in the Electrical Industry; AND
2. A later age of 72 at which pension benefits **must** begin in certain circumstances, for those born after July 1, 1949.

1. New In-service Distribution Option for Working Employees Age 70 ½ and Older

Effective December 1, 2021, Vested Participants may, if they wish, begin receiving their monthly pension benefits under the Plan commencing on or after the later of: (1) attainment of age 70 ½; OR (2) December 1, 2021, even if the Participant is still working for a Contributing Employer or in the Electrical Industry.

This means that if you are vested in your accrued benefit and you are age 70 ½ or older, you can start collecting your monthly pension while you continue to work by submitting a benefit application with the Hawaii Electricians Administrative Office. If you commence receiving benefits and you continue to work for a Contributing Employer, your monthly pension will be adjusted annually for any additional benefits you earn.

Collecting your monthly pension when you reach age 70 ½ or older while you continue to work for a Contributing Employer or in the Electrical Industry is **optional**. You may choose not to exercise this option and instead defer your monthly pension until you stop working or until your Required Distribution Date, which is discussed below.

2. New Required Distribution Date Rule

The Plan’s Required Distribution Date rule was changed for Participants who attain age 70 ½ on or after January 1, 2020 (i.e., date of birth is July 1, 1949 or later).

For a Participant who is a 5% or greater owner of a Contributing Employer:

A Participant who: (1) is a 5% or greater owner of a Contributing Employer; AND (2) attained age 70 ½ before January 1, 2020, is required to begin receiving his or her monthly pension by no later than April 1 of the calendar year following the calendar year in which they attain age 70 ½. Participants who reached age 70 ½ before January 1, 2020 continue to be subject to this rule after January 1, 2020.

A new rule applies to Participants who attain age 70 ½ on or after January 1, 2020. Under the new rule, a Participant who: (1) is a 5% or greater owner of a Contributing Employer; AND (2) attains age 70 ½ on or after January 1, 2020, is now required to begin receiving his or her monthly pension by no later than the April 1 of the calendar year following the calendar year in which the Participant attains age 72, rather than 70 ½.

For a Participant who is **not** a 5% or greater owner of a Contributing Employer:

A Participant, other than a 5% or greater owner of a Contributing Employer, who attained age 70 ½ before January 1, 2020 is required to begin receiving his or her monthly pension by no later than April 1 of the calendar year following the later of: (1) the calendar year in which they attain age 70 ½; OR (2) the calendar year in which they terminate employment with a Contributing Employer or in the Electrical Industry. Participants who reached age 70 ½ before January 1, 2020 continue to be subject to this rule after January 1, 2020.

Under the new rule, a Participant, other than a 5% or greater owner of a Contributing Employer, who attains age 70 ½ on or after January 1, 2020 is required to begin receiving his or her monthly pension by no later than the April 1 of the calendar year following the later of: (1) the calendar year in which the Participant attains age 72; OR (2) the calendar year in which the Participant terminates employment with a Contributing Employer or in the Electrical Industry.

Example: Your birthday is June 30, 1949 and you are vested in your accrued benefit under the Plan. You attain age 70 ½ on December 30, 2019 so you are subject to the old rule. You are still working for a Contributing Employer when you attain age 70 ½ on December 30, 2019. You terminate employment on December 31, 2022. Because you are still subject to the old rule, you must begin receiving your monthly pension after you terminate employment by no later than April 1, 2023.

Example: Your birthday is May 1, 1950 and you are vested in your accrued benefit under the Plan. You attain age 70 ½ on November 1, 2020 so you are subject to the new rule. You last worked for a Contributing Employer 10 years ago but wanted to delay the payment of your monthly pension until the latest date possible. You attain age 72 on May 1, 2022. Because you are subject to the new rule, your monthly pension must commence no later than April 1, 2023.

The April 1 date when benefits must commence is referred to as the “Required Distribution Date” under this Plan. Participants who fail to receive their benefits by the Required Distribution Date may be subject to stiff tax penalties by the Internal Revenue Service (“IRS”) as high as 50%.

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If you have any questions regarding these Plan changes, please contact the Hawaii Electricians Administrative Office Monday through Friday, 7:30 a.m. to 5:00 p.m. at (808) 841-6169, Option 5; neighbor island Participants may call toll-free at 1(800)622-3830. You may also write to the Administrative Office at 1935 Hau Street, Room 300, Honolulu, Hawaii, 96819.

BOARD OF TRUSTEES,
HAWAII ELECTRICIANS PENSION FUND

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