

SMW LOCAL 28 ANNUITY FUND

Frequently Asked Questions

There have been many questions about how the Annuity Fund works.
Here we will try to answer a few of them for you.

1. Accessing Your Account

Checking your Balance, Transfer of Funds, and Investment Options:

You can contact John Hancock Retirement Plan Services at www.myplan.johnhancock.com or by calling the participant's service center at 1-800-294-3575 or 1-833-388-6466. The website is open 24 hours a day, or you can speak to a representative at the call center Monday through Friday 8:00am – 10:00pm E.S.T.

2. Loans

The Plan allows you to borrow up to 30% of your account balance. The minimum amount you can borrow is \$1,000.00 and the maximum is \$50,000.00. You may only have one outstanding loan at a time. You can contact John Hancock Retirement Plan Services at www.myplan.johnhancock.com or by calling 1-800-294-3575 or 1-833-388-6466 to obtain your loan application. You must have your pin number handy. You will be asked to select the amount of your loan as well as the payment terms. Once you receive your application, please review it carefully before submitting it to the Funds Office. Make sure it is signed and notarized properly.

3. Withdrawals

If you are unemployed and have met one of the following requirements, you may receive a distribution from the Annuity Fund:

- a. If no employer has made any contributions on your behalf for four (4) consecutive months, you will be eligible to apply for up to 25% of the current balance in your account,
- b. If no employer has made any contributions on your behalf for eight (8) consecutive months, you will be eligible to apply for up to 50% of the current balance in your account,
- c. If no employer has made any contributions on your behalf for twelve (12) consecutive months, you will be eligible to apply for up to 100% of the current balance in your account.

****Please note:** Any payment made to you is subject to 20% Federal Tax withholding. If you are under the age of 59 ½, you may also be subject to an early withdrawal penalty. This penalty will be determined by the IRS when you file your taxes. ******

If you have met any one of the above requirements, you may call the Funds Office at 516-742-9478 and request an Application for Annuity Fund Benefits.

4. Hardships

Under the Plan, you are permitted to withdraw a portion of your account if you experience an immediate and heavy financial hardship resulting from one of the following:

- a. Purchase of your principal residence.
- b. Unreimbursed medical expenses incurred by you, your spouse or dependent, or to permit you, your spouse or your dependent to obtain medical care.
- c. Payment of tuition and "related expenses" for the next 12 months of post-secondary education for you, your spouse, your children or dependent.
- d. Payment to prevent eviction from your principal residence or foreclosure on the mortgage of your principal residence.
- e. Payment of funeral or burial expenses for your deceased parent, spouse, children or dependent.
- f. Payment to repair damage to your principal residence that would qualify for a casualty loss (fire, storm, disaster or other casualty).

You are allowed to withdraw a maximum of fifty percent (50%) of the Profit-Sharing portion of your annuity. The minimum distribution is \$1,000.00. You must provide supporting documentation corresponding to the type of financial hardship you are applying for.

In addition, if you are married, you must obtain your spouse's written and notarized consent when you apply for a hardship.

****Please note:** The amount you withdraw for a financial hardship is subject to an optional federal income tax withholding. If you elect to have no amount withheld, or if you do not have enough federal income tax withheld, you may be responsible for payment of estimated tax. You should consult with your tax advisor for more information. The distribution may also be subject to an additional 10% early withdrawal penalty if you are under the age of 59½. ******

In order to avoid delays in processing your application, please note the following:

- You must answer all questions.
- Check to make sure that your forms are properly signed and notarized.
- Provide any supporting documentation necessary.
- If you are unsure how to answer any questions or what forms you should complete, please call the Funds Office and you will be guided through the process.
- If you are divorced, you must supply complete copies of all of your divorce documents. If any of your documents indicate that your spouse is entitled to any portion of your Annuity Fund, we must have a Qualified Domestic Relation Order (QDRO) before any payment can be made to you.

5. Retirement

- **When I retire, how soon can I apply for my Annuity?**

You will become eligible to receive your Sheet Metal Workers Local Union No. 28 Annuity Fund three (3) months from the effective date of your pension. If you are granted a Disability Pension you will become eligible on the effective date of your disability pension.

- **What are my options regarding the Annuity Fund?**

You can either choose to leave the Annuity Fund where it is, or you can withdraw it. You can take the Annuity Fund in one of the following ways:

- A Total Lump Sum Payment,
- Monthly Installments,
- A Partial Payment,
- A Partial Payment and the balance in monthly installments, or
- Rollover all or a portion of your annuity into an eligible retirement plan.

As long as your Annuity Fund is with Sheet Metal Workers (Local Union No. 28) it will continue to gain interest and you will still be able to self-direct your investments with the options John Hancock provides.

It will become mandatory for you to start receiving your Annuity Fund by age 70 ½. If you do not apply for a distribution, we are required by law to send you a Minimum Distribution every year once you reach 70 ½ until the balance is depleted.

Also, as a retiree, you are still eligible to take a loan from the Annuity Fund.

- **If I choose to withdraw from the Annuity Fund, what penalties will I face?**

If you choose to rollover your Annuity Fund to an IRA or another Qualified Annuity Plan, you will not incur any tax or penalties.

If you choose to have your payment made directly to you, we will have to withhold 20% Federal Tax and if you are under the age of 59 ½, you may incur an additional 10% penalty for early withdrawal with the IRS (Please note: Any payment made to you is subject to the 20% federal tax regardless of your age).

The IRS will waive the additional 10% penalty if you are on a Disability Pension through the National Pension Fund or Sheet Metal Worker Local 28 Pension Fund or if you have been granted a Social Security Disability Pension. However, you will still be subject to the 20% tax on any payment made to you.

- **When I am ready to withdraw my Annuity Fund, or if I have any further questions, whom do I contact?**

You will call the Annuity Fund Office at 516-742-9478 and speak to RaShanna Johnson.