



Joint Plumbing Industry Board Plumbers Local Union No.1 Trust Funds



Welfare Fund • Trade Education Fund • 401(k) Savings Plan
Michael Apuzzo, Co-Chairman - Labor Walter Saraceni, Administrator Eugene S. Boccieri Co-Chairman - Management

January 2021

SUMMARY OF MATERIAL MODIFICATIONS NUMBER 1 (SMM#1)

Please place this in your Summary Plan Description (“SPD”) for handy reference and safekeeping. If you do not have an SPD, you may obtain a copy on our website at <http://www.ualocal1.org/fund-office.aspx> or by making a written request to the Fund Office.

IMPORTANT!

This Summary of Material Modifications (“SMM”) describes changes to the SPD for the Plumbers Local Union No.1 Welfare Fund (the “Welfare Fund”) issued in June 2020.

Welfare Fund ASB Account & ASB C

(New Section in SPD)

BENEFIT HIGHLIGHTS

If you are an Eligible Employee as defined in the Section below (page 6) entitled “Eligibility for Benefits”, you will be enrolled in this Plan. You will have a separate account into which Employer (Account A), Employee (Account B) and Employee (Account C) contributions received for hours worked will be held. Subject to the limits and eligibility requirements of the Plan, you may receive the amounts in your Account in the form of the various benefits provided by the Plan. Benefits cannot exceed your Account balance and are subject to the limitations and eligibility requirements described below.

In addition to contributions,¹ the Plan allocates the investment gains and losses and the administration and investment costs directly to the accounts of Participants. Accounts are valued on a monthly basis based on market value, and the Trustees determine the monthly administrative expenses and investment expenses to be charged to individual accounts.

¹ As discussed previously, new contributions to Account A and Account B are no longer required to be made to the Fund. The only contributions to those Accounts are past due contributions that may be collected through the efforts of the Trustees. Account C contributions become effective on January 1, 2021.

The Investment Expense will be deducted from the “gross investment return” of the investment and the “net investment return” will be updated to your investment account. For example, for February 2020, the annualized expense ratio is 0.22%. This amount will be adjusted as necessary.

The Administrative Expense includes all “non-investment related expenses.” These expenses include Recordkeeping, Administration, Collection, Accounting, Legal, Consulting and Custody fees. An amount of \$180 per year (\$15 per month) is deducted from your account to cover the Plan’s Administrative Expenses. This amount will be adjusted as necessary.

The Fund will compute the value of your account monthly as of the last day of each month. After the end of each quarter, you will receive a Statement of Benefits, showing your Individual Account as of the end of such quarter.

How will My Account be Valued? As a Participant in the Plan, you will have an individual account (Account A, Account B and/or Account C) to which will be credited contributions made on your behalf, if any, and your share of the earnings and expenses of the Fund.

Your account is “valued” each month to show your share of any administrative expenses, Benefit payments, contributions, earnings (or losses) and investment expenses for the month. This “valuation” is a four-step process:

- First, all administrative expenses (except investment expenses) incurred are charged against each account on an equal basis, regardless of the amount in the account;
- Second, your account is adjusted for any Benefit payments to you or on your behalf;
- Third, your account is credited with employer contributions received on your behalf for the month; and
- Fourth, a proportionate share of investment earnings (or losses) and investment expenses is allocated to your account (based on assets in your account).

Can my Account balances increase and/or decrease due to financial markets? Yes. Your individual Account A, Account B and/or Account C balances may increase or decrease on a monthly basis due to financial market conditions.

BENEFIT	AMOUNT
<p>Supplemental Unemployment Benefit Payable to Employee</p>	<p>Greater of \$300 or amount of Employee's base pay per week in accordance with the normal working hours per week under the applicable Collective Bargaining Agreement less the amount of State unemployment benefits.</p>
<p>Supplemental Workers' Compensation Benefit Payable to Employee</p>	<p>Greater of \$300 or amount of Employee's base pay per week in accordance with the normal working hours per week under the applicable Collective Bargaining Agreement less the amount of State workers' compensation benefits.</p>
<p>Supplemental Disability Benefit Payable to Employee</p>	<p>Greater of \$300 or amount of Employee's base pay per week in accordance with the normal working hours under the applicable Collective Bargaining Agreement less the amount of State disability benefits.</p>
<p>Supplemental Income Maintenance Payable to Employee who is unemployed, underemployed, injured on the job or disabled and not eligible for Supplemental Unemployment, Supplemental Workers' Compensation or Supplemental Disability</p>	<p>Greater of \$300 or the amount of the Employee's base pay per week based on the normal working hours under the applicable Collective Bargaining Agreement up to a maximum of \$1,500 per week.</p>

BENEFIT	AMOUNT
Emergency Benefit for Economic Catastrophe-Disaster, Fire or Flood	No maximum.
Severance Benefit Payable to Employee	Maximum of two times annual wages of Employee in the year immediately preceding severance of employment in the industry.
Funeral Benefits Payable for the funeral/burial expenses of an Employee or Dependents	No maximum.
Death Benefit Payable upon the death of the Employee. Paid after the funeral benefit to the Beneficiary if different from the person applying for Funeral Benefits.	<p>The Beneficiary may elect to receive the Death Benefits in a single payment or in monthly payments.</p> <p>However, if at time of payment, the account balance is \$5,000.00 or less, death benefits will be paid in a lump-sum payment.</p> <p>The Beneficiary who elects monthly payments will receive the Employee's Account in 84 monthly payments.</p>

BENEFIT	AMOUNT
Supplemental Vacation Benefit	Maximum of \$18,000 per year. Vacation Benefits not used in a calendar year may be withdrawn in the following calendar year.
Legal Services Benefit	No maximum.
Education/Training Benefit Payable for education/training of the Employee, spouse or eligible Dependents.	No maximum.

ELIGIBILITY FOR BENEFITS

Eligibility for benefits is based upon hours worked under the Collective Bargaining Agreements which obligated employers to pay contributions to this Fund on your behalf, and for which contributions have been received. You may not make individual or self-contributions. **After 2016, no Collective Bargaining Agreement has required employer contributions to Account A and employee contributions to Account B. Unless the Fund recovers past due contributions for Account A and/or B, you would not be able to establish initial eligibility for an Account unless contributions are received by the Fund for Account C.**

The final determination of your Account balance will be based upon contributions actually received by the Fund.

This SMM uses different terms to refer to categories of Employees who are affected by Plan rules. These terms and some other related terms are described below:

- **"Employee"** means an employee of a participating Employer covered by a Collective Bargaining Agreement between that Employer and Plumbers Local Union No. 1 (the "Union") affiliated with the United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the U.S. and Canada AFL-CIO.
- **"Collective Bargaining Agreement"** means the labor agreement in force and effect between the Union and the Association of Contracting Plumbers of the City of New York, Inc. or another employer, together with any modifications, supplements or amendments that required contributions to this Fund.
- **"Prior Plans"** means the additional security benefit funds and supplementary benefit funds of former Local Unions 1, 2, and 371 which were merged to form this Plan on December 7, 1999 as well as the Plumbers Local Union No. 1 Vacation and Holiday Fund (the "Vacation Fund") which was merged into this Plan on January 1, 2014, as well as the Additional Security Benefit Fund (the "ASB Fund") which was merged into this Plan on December 31, 2019.
- **"Covered Employment"** means work under a Collective Bargaining Agreement for which contributions were required to be made to this Fund prior to 2016. For purposes of determining eligibility during the period immediately following the mergers on December 7, 1999, January 1, 2014 and December 31, 2019, eligibility will be determined by applying the Plan rules to hours worked under this Plan and Prior Plans as if they were hours worked under this Plan.
- **"Eligible Employee"** means an employee who has satisfied the requirements for eligibility for benefits from this Fund as described herein and who is currently eligible for benefits.

How an Employee Becomes Eligible for Plan Benefits

Initial Eligibility for Employees Covered by a Collective Bargaining Agreement²

Prior to 2016, you became eligible for benefits after you were credited with at least 270 hours in Covered Employment under this Plan or the Prior Plans within a period of three (3) consecutive months provided the Plan actually received the contributions for those hours. After 2016, you are entitled to benefits if you had an Account established for you before 2016 or if the Fund recovers contributions for months owed prior to 2016 which would have established your initial eligibility in the Plan under the Plan Rules. On or after January 1, 2021 you become eligible when you are credited with any Account C Employee contributions for work in Covered Employment.

Continuation of Eligibility

If you become an Eligible Employee, you and your Eligible Dependents will remain eligible for benefits so long as you have an Account balance.

Termination of Eligibility

Your eligibility will terminate on the earliest of the following dates:

- the date the Plan terminates, other date your Account has been completely distributed.

Reinstatement of Eligibility

If you have lost your eligibility for benefits under the Plan because your Account has been completely distributed after you have stopped working in Covered Employment, you may re-establish eligibility by satisfying the Initial Eligibility requirements described above.

Eligibility Following Cessation of Contributions

As previously explained, other than new Account C contributions, or delinquent contribution recoveries, there are currently no new contributions payable to the Fund to Account A and Account B. As a result, employees who have not established eligibility for benefits cannot establish eligibility and employees who have lost eligibility for benefits cannot reinstate eligibility. Eligibility will terminate if the Plan terminates or your Account has been completely distributed.

Eligibility for Dependents

Your Eligible Dependents include your spouse and any other individual who qualifies as a dependent under Section 152 of the Internal Revenue Code. Under this law, a dependent is a relative (listed in the law) and for whom you provide more than one half of their support in the calendar year. This may include your children, including children placed for adoption and foster children placed with you; grandchildren; stepchildren; brothers and sisters and stepbrothers and sisters; parents, stepparents and grandparents; nieces and nephews and in-laws.

Each Eligible Dependent must be listed on an Enrollment Form signed by the Employee and filed with the Fund Office before benefits will be paid for that Dependent. Each change in Dependent Enrollment (adding or terminating a Dependent) must be submitted with evidence or proof of Dependent status satisfactory to the Trustees. If there is a change in the Employee's marital status, such as a divorce, so that the spouse or former spouse is no longer a Dependent, the Employee is responsible for notifying the Fund Office immediately. The Employee must also notify the Fund Office immediately if a previously enrolled Dependent ceases to qualify for Dependent status under this Plan.

Termination of Dependent Coverage

Benefits for Dependents end on the earliest of the following:

- The date the Employee's eligibility terminates (See page 4);
- For the Employee's spouse and any step-children, the date the Employee and spouse are divorced;
- The date the Employee ceases to provide a majority of the individual's support;
- Upon the payment of the Death Benefits following the Eligible Employee's death;

An Employee may not remove a Dependent who continues to qualify as a Dependent under the Plan. However, a Dependent may be removed based on a Court Order.

The Fund Office may investigate the status of any Dependent. The Fund Office may require copies of court orders, property settlement agreements, birth certificates, paternity determinations, guardianship orders, adoption papers, tax returns or any other document or information related to the determination of an individual's status as a Dependent.

DESCRIPTION OF BENEFITS

If you are an Eligible Employee as defined in the Plan, you will have an Account which will have been credited with Employer and Employee Contributions for hours worked. As explained previously, new Employer contributions are no longer made under Collective Bargaining Agreements. However, on or after January 1, 2021 you become eligible when you are credited with any Account C Employee contributions for work in Covered Employment.

You will be able to receive the amounts in your Account in the form of the various benefits provided by the Plan. Benefits payable to you or your Eligible Dependents cannot exceed your Account balance and are subject to the limitations and eligibility requirements described below. Income is credited to Accounts. The gains, loss, administrative and investment fees applied to each Employee's Account will be determined by the Trustees for each calendar month.

Some of the benefits provided by the Plan are taxable to you based on the current rules of the Internal Revenue Service and New York State. When legally required, the Fund must withhold taxes from your benefits paid from Account A (Employer Contributions) when they are paid to you. A form 1099 is issued when amounts are paid to a beneficiary. Tax rules change from time to time and the Fund must operate in accordance with legal requirements.

With respect to any benefits paid from Account A that are subject to FICA tax, the Fund will deduct the Employee's share of FICA tax from the benefit and pay it to the Internal Revenue Service plus the Employer matching FICA payment. The Employer FICA tax is paid by the Fund. Employers submitted an additional contribution to the Fund which was not credited to the Employee's individual accounts but rather is applied to pay the Employer FICA tax.

The following is a summary of the changes that have been made to both the contributions to the Fund and the benefits provided by the Fund.

For the Building Trades Division, MES Division and Oil Trades Division:

Contributions for all hours worked through December 31, 2005 were made by your employer on a pre-tax basis. Benefits are taxed to you when they are distributed to you or your beneficiary. The tax rules for this portion of the account, which is referred to as Account A (Employer Contributions), remain the same, and are detailed in a chart on page 21 of this SMM.

Contributions for all hours worked on and after January 1, 2006, are taxed differently. You were taxed on these contributions at the time they were paid to the Fund by your Employer as if they were wages. However, when benefits are distributed to you or your beneficiary, you will not have to pay FICA, Federal, State or City taxes.

Instead, you and/or your beneficiary will only have to pay tax annually on any gains that are credited to your account. You will receive an annual statement reflecting investment gains/losses. The portion of your account based on contributions for work on and after January 1, 2006 is referred to as Welfare Fund ASB Account B (Employee Contributions) because these amounts were already taxed to you as if they were your wages.

Delinquent contributions for all hours worked prior to 2006 and received by the Fund on or after January 1, 2009, and/or contributions due under the January 1, 2014 merger of the Vacation Fund into the ASB Fund will continue to be made by your employer on a pre-tax basis. However, these contributions will be allocated to individual accounts on a post-tax basis. You will be taxed on these contributions at the time they are allocated as if they were wages, and the Fund will issue a Form W2 annually. However, when benefits are distributed to you or your beneficiary, you will not have to pay FICA, Federal, State or City taxes. The tax rules for this portion of your account, which is referred to as Welfare Fund ASB Account B (Employee Contributions), are different.

Effective February 1, 2009, the Bargaining Parties for the Building Trades Division ceased contributing to this Fund.

Effective April 1, 2009, the Bargaining Parties for the Mechanical Equipment and Service Division & Oil Trades Division ceased contributing to this Fund.

Effective January 1, 2014, the Bargaining Parties merged the Vacation Fund into this Fund. As a result, effective January 1, 2014, the Vacation Fund is no longer receiving contributions. In the event that pre-tax contributions are received after the merger for hours worked in Covered Employment before 2014, such contributions will be allocated to the Welfare Fund ASB Fund "Account B" post-tax. These amounts will be payable by the Welfare Fund ASB Fund Account B under the various Benefit payment options listed herein.

Effective January 1, 2021, the Bargaining Parties for the Building Trades Division commenced contributions to Account C of this Fund. Contributions are based on 5% of Gross Wages deducted from net pay.

For the Civil Service Division and Other Divisions:

Contributions for all days and/or hours worked through December 31, 2008 were made by your employer and allocated to individual accounts on a pre-tax basis. Benefits are taxed to you when they are distributed to you or your beneficiary. The tax rules for this portion of your account, which is referred to as Welfare Fund ASB Account A (Employer Contributions), remain the same.

Contributions for all days worked on or after January 1, 2009 and or delinquent amounts received on or after January 1, 2009 continue to be made by your employer on a pre-tax basis, but will be allocated to individual accounts on a post-tax basis. You will be taxed on these contributions at the time they are allocated as if they were wages, and the Fund will issue a Form W2 annually. However, when benefits are distributed to you or your beneficiary, you will not have to pay FICA, Federal, State or City taxes. The tax rules for this portion of your account, which is referred to as Welfare Fund ASB Account B (Employee Contributions), are different. Any investment gains or losses to your account will be reported on your annual statement. Please consult your tax advisor to see how these gains or losses may affect you. This portion of your account based on contributions to this Fund for work on and after January 1, 2009 is referred to as Welfare Fund ASB Account B (Employee Contributions) because these amounts were already taxed to you as if they were your wages.

Effective January 1, 2016, the Bargaining Parties for the Civil Service Division & all other Divisions ceased contributing to this Fund.

How Distributions will be Made

- Distributions will be made monthly from Account A (Employer Contributions) unless you designate otherwise.
- Amounts available for benefit payments will be the market value from Account A, Account B and Account C as of the end of the month prior to applying for benefits less an additional estimated amount to cover any market decline between the end of the prior month and the date of distribution plus administrative and investment expenses. The estimated additional amount withheld will vary as the Fund's asset value varies with market conditions. The Trustees will determine this additional estimated amount at the time in which benefit payment amounts are being determined.
- When an application for benefits is received, the Fund will pay an initial Benefit payment which will be adjusted for any estimated market change between the last monthly valuation date and the date of payment. When the valuation is completed for the month end immediately prior to the benefit payment, an additional automatic payment may be made (depending on the results of the valuation) to reflect the difference between the adjusted benefit payment and the actual valuation.

For example: A benefit application received prior to March 26th will be paid the week of April 8th based on the February 28th value with an additional adjustment as necessary to reflect the changes in the value

between February 28th and the date of payment in April. When the value as of March 31st is determined, an additional payment will be made automatically if the adjusted amount paid based on the estimate was too low as reflected by the valuation.

Supplemental Unemployment Benefits

□ What Are Supplemental Unemployment Benefits?

Supplemental Unemployment Benefits provide you with additional unemployment benefits if you become unemployed and/or become eligible for or are receiving State unemployment benefits.

□ How Much Does the Supplemental Unemployment Benefit Pay?

You are entitled to the greater of \$300 or the amount of your base wage for the period (in accordance with the normal working hours per week under the applicable Collective Bargaining Agreement) less the amount of State unemployment benefits received.

Upon filing of an Application Form, Benefits begin when you are eligible for state unemployment benefits and end when state unemployment benefits terminate.

□ Applying for Benefits:

You must submit your completed Application Form and proof of your receipt of state unemployment benefits.

Supplemental Workers' Compensation Benefits

□ What Are Supplemental Workers' Compensation Benefits?

Supplemental Workers' Compensation Benefits provide you with additional workers' compensation benefits if you become injured on the job and are receiving State workers' compensation benefits.

□ How Much Does the Supplemental Workers' Compensation Benefit Pay?

You are entitled to the greater of \$300 or the amount of your base wage for the week (in accordance with the normal working hours per week under the applicable Collective Bargaining Agreement) less the amount of State workers' compensation when received.

Upon filing of an Application Form, benefits begin when you receive Workers' Compensation Benefits and end when Workers' Compensation Benefits terminate.

□ Applying for Benefits:

You must submit your completed Application Form and proof of your receipt of State Workers' Compensation Benefits.

Supplemental Disability Benefits

□ What Are Supplemental Disability Benefits?

Supplemental Disability Benefits provide you with additional disability benefits if you become disabled and are receiving State disability benefits.

□ How Much Does the Supplemental Disability Benefit Pay?

You are entitled to the greater of \$300 or the amount of your base wage for the week (in accordance with the normal working hours per week under the applicable Collective Bargaining Agreement) less the amount of State disability benefits. Benefits end when you are no longer receiving State disability benefits.

□ Applying for Benefits:

You must submit your completed Application Form and proof of receipt of State disability benefits.

Supplemental Income Maintenance

□ What Is Supplemental Income Maintenance?

Supplemental Income Maintenance provides you with income maintenance if you become unemployed, underemployed, injured on the job, disabled or if you are participating in union-related matters. When you become eligible for Supplemental Unemployment Benefits, Supplemental Workers' Compensation Benefits, or Supplemental Disability Benefits, the Supplemental Income Maintenance will cease and the other benefit will be paid instead.

□ How Much Does the Supplemental Income Maintenance Pay?

You are entitled to the greater of \$300 or the amount of your base wage for the week (in accordance with the normal working hours per week under the applicable Collective Bargaining Agreement) up to a maximum benefit of \$1,500 per week.

□ Applying for Benefits:

You must submit an Application Form indicating the amount required and an affidavit with supporting documentation. You must attest and submit satisfactory documentation that you require these benefits due to unemployment, underemployment, on-the-job injury or disability. If you are unemployed or underemployed, you must submit a quarterly certification that you are ready, willing and able to work the normal working hours per week under the applicable Collective Bargaining Agreement.

Emergency Benefits for Disaster, Fire or Flood

□ What are Emergency Benefits for Disaster, Fire or Flood?

Emergency Benefits for economic catastrophes such as Fire or Flood provide you with expenses as a result of disaster, fire or flood.

□ How Much Does the Emergency Benefit for Disaster, Fire or Flood Pay?

There is no maximum benefit.

□ Applying for Benefits:

Trustee approval is required for this benefit. You must submit an Application Form along with proof of economic catastrophe.

Severance Benefits

What Are Severance Benefits?

Severance Benefits provide you with benefits following your severance of employment in the industry. You are considered to have severed employment in the industry and are first eligible for this benefit after no contributions have been made on your behalf to the Fund, or any related funds, for 24 consecutive months. This is the Severance Date.

How Much Does the Severance Benefit Pay?

The benefit is the lesser of your Account Maximum or two times your annual wages in the year immediately preceding your severance of employment in the industry. Benefits are payable in a lump sum or in equal amounts on a quarterly basis and must be paid within 24 months of your Severance Date.

If you are eligible for a Severance Benefit and do not apply and receive the benefit within the 24-month period, you will not be eligible for Severance Benefits. In order to be eligible for the severance again, you must return to work in the industry for a minimum of 750 hours. Once this requirement is met, you will be eligible for the Severance Benefit as of any subsequent Severance Date.

Applying for Benefits:

You must submit an Application Form.

Funeral Benefits

What Are Funeral Benefits?

Funeral Benefits provide funeral and burial expenses for you or your Dependents.

How Much Does the Funeral Benefit Pay?

There is no maximum amount.

Applying for Benefits:

You must submit a completed Application Form and proof of payment of funeral bills. The payment may also be assigned to the Funeral Home.

Death Benefits

□ What Are Death Benefits?

Death Benefits provide your Beneficiary with benefits after your death. Death Benefits are payable after the Funeral Benefit, described on page 17, if your Beneficiary is someone other than the person claiming the Funeral Benefit. Your Beneficiary may elect to receive the Death Benefit in a single sum or in monthly payments.

□ How Much Does the Death Benefit Pay?

For amounts in Account A, your Beneficiary may elect to receive Death Benefits as a single sum payment of the Account Balance or Monthly Payments over a period of seven (7) years (84 monthly payments). If at the time of payment, your account balance is \$5,000.00 or less, death benefits will be paid in a lump-sum payment. Amounts in Account B & C will be paid in a lump sum.

□ Payment of Benefits; Designated Beneficiary:

- The Death Benefit is paid based on the last Beneficiary designation received in the Fund Office before your death (or before the death of your Beneficiary if your Beneficiary is receiving benefits). If more than one Beneficiary is designated, they will share equally unless you specify otherwise.
- If you fail to designate a Beneficiary or if all designated Beneficiaries die or are invalidated and you die without having received the distribution of your account balance, the account balance will be distributed in the following order: (1) your surviving spouse (or the surviving spouse of your Beneficiary if your Beneficiary is receiving benefits); (2) your children (or the children of your Beneficiary if your Beneficiary is receiving benefits); (3) your parents (or the parents of your Beneficiary if your Beneficiary is receiving benefits); your siblings (or the siblings of your Beneficiary if your Beneficiary is receiving benefits); (4) or the personal representative of your estate (or your Beneficiary's estate if your Beneficiary is receiving benefits).
- If your Beneficiary should die while receiving benefits and further payments are due for periods after death, such payments shall be made to your Beneficiary(ies)' designated Beneficiary(ies).
- If Death Benefits are due to a minor, the Fund may pay the benefits to the person having present custody or care of the minor and with whom the minor resides, provided such person agrees in writing to apply the payments solely for the minor's support and to comply with any other conditions established by the Trustees or required by law. The Trustees may also

make payment to a minor by depositing the amount in an insured bank account for the minor and giving notice to the minor.

- Except as provided above, Benefits will be paid within a reasonable time following notification to the Fund of the death of the Employee.

□ **Applying for Benefits:**

Your Beneficiary must submit a completed Application Form and a certified copy of the Death Certificate. For Death Benefit amounts less than \$100, alternative evidence of death will be accepted where a certified death certificate is not available.

Supplemental Vacation Benefits

□ **What Are Supplemental Vacation Benefits?**

Supplemental Vacation Benefits provide you with vacation benefits.

□ **How Much Does the Supplemental Vacation Benefit Pay?**

The benefit has a limit of \$18,000 per year. Vacation Benefits not used in a calendar year may be withdrawn in the following calendar year.

□ **Applying for Benefits:**

You must submit a completed application form indicating the amount requested for vacation benefits. You may apply for benefits three times a year

□ **Tax withholdings for Account A:**

Under the law, there are different levels of tax withholding depending on a number of factors including the type of payment and on the number of payments each year. In the case of Supplemental Vacation Benefits, certain tax withholdings apply to benefits paid in the last week of January each year (fixed payment). Supplemental Vacation Benefits paid at other times are subject to different tax withholdings. See discussion of tax withholding rules on page 21 of this SMM. In order for the tax withholdings for the fixed payment to apply, you must specify on your application that you are applying for this benefit to be paid as required in the last week of January and you must attach a Form W-4. If your application does not indicate that you are applying for the fixed payment or does not include a Form W-4, the tax withholdings that apply to all other Supplemental Vacation Benefits will be used. The Fund Office must receive an application for distribution and a valid Form W-4 by no later than the third Tuesday in the month of January.

Legal Services Benefit

□ What Are Legal Services Benefits?

Legal Services benefits provide you with reimbursement of amounts paid for legal services for you or your Dependent.

□ How Much Does the Legal Service Benefit Pay?

There is no maximum amount.

□ Applying for Benefits:

You must submit a completed Application Form with a copy of your legal services bill.

Education/Training Benefit

□ What are Education/Training Benefits?

Education and/or Training Benefits provide you with expenses for your education or training and for the education or training of your spouse and/or eligible dependents.

□ How Much Does the Education/Training Benefit Pay?

There is no maximum amount.

□ Applying for Benefits:

You must submit a completed Application Form along with copies of bills for the education or training.

TAX RULES

Account A – Employer Contributions

The money in your Individual Account A is not considered taxable income until you actually receive it. When you receive the money in your Individual Account A as benefits, it must be reported as taxable income. All benefits are subject to withholdings (except Funeral Benefits and Death Benefits). For more information concerning taxes and withholdings, please see the charts and examples listed below.

Account B and C – Employee Contributions

FICA/Medicare, Federal, State or City taxes will not be paid when the benefits are distributed. The only tax that you and/or your beneficiary must pay is on the interest accrued in the account annually.

Tax Withholdings (Account A Only)

As required by law, the Fund deducts FICA/Medicare, Federal, State and City Taxes from all taxable Welfare Fund ASB benefit payments. Any taxable benefit payment made to you by the Fund will therefore be net of the following taxes:

Benefit	FICA/Medicare	Federal	State	City
a. Supplemental Unemployment	0.00%	22%	9.62%	4.25%
b. Supplemental Worker's Comp.	7.65%	22%	9.62%	4.25%
c. Supplemental Disability	7.65%	22%	9.62%	4.25%
d. Supplemental Income Maint.	7.65%	22%	9.62%	4.25%
e. Emergency Benefit for Disaster	7.65%	22%	9.62%	4.25%
f. Severance Benefit	7.65%	22%	9.62%	4.25%
g. Funeral Benefit ⁽¹⁾	0.00%	0.00%	0.00%	0.00%
h. Death Benefit ⁽¹⁾	0.00%	0.00%	0.00%	0.00%
i. NA				
j. Supplemental Vacation (all other)	7.65%	22%	9.62%	4.25%
k. Supplemental Vacation (fixed payment)	7.65%	Varies	Varies	Varies
l. Legal Services Benefit	7.65%	22%	9.62%	4.25%
m. Education/Training Benefit	7.65%	22%	9.62%	4.25%

Note 1: Funeral Benefit and Death Benefit are Taxable to the Beneficiaries.

Note 2: "Annual" tax withholding tables can be used for Supplemental Vacation Benefits (fixed payment) paid during the last week in January and only if you provide the Fund with a valid Form W-4. If a valid Form W-4 is not provided, withholdings will be the same as all other Supplemental Vacation (Item j) as stated above.

Special Rule on Supplemental Vacation Benefit Tax Withholdings (fixed payment) - Account A Only

The tax withholdings for Supplemental Vacation Benefits depend on when benefits are paid (See chart above). Vacation Benefits paid in the last week of January (fixed payment) are subject to the special (often lower) income tax withholdings, subject to your submission of a valid Form W-4 with your application.

The following examples summarize the tax withholdings that apply to the Supplemental Vacation Benefit fixed payment when you submit a valid Form W-4. If a valid Form W-4 is **not** provided, withholdings will be the same as applicable to all other Supplemental Vacation Benefits. These examples, which are based on the 2021 tax rates, illustrate withholdings for an unmarried individual, a married individual, and a married individual with two children **who does not itemize deductions** and whose only source of income is wages from employment. If you are married and have additional income from a working spouse or from other types of investments, your tax bracket may be higher, and your withholdings may be that much greater. These examples include FICA/Medicare, Federal, State and City income tax rates based on annual tax tables issued by the respective taxing authorities and are merely for illustrative purposes. **Check with your tax advisor to see how electing Supplemental Vacation Benefits (fixed payment) can affect you.**

Example 1 – Assume you elect a Supplemental Vacation Benefit fixed payment of \$18,000 paid in the last week of January and you submit a valid Form W-4 to the Fund.

	FICA/Medicare	Federal	State	City	Payment
Single w/Zero	\$1,307.50	\$434.50	\$323.75	\$14,557	\$1,307.50
Married w/Zero	\$545.00	\$409.75	\$307.50	\$15,360	\$545.00
Married w/2	\$0.00	\$322.	\$242.50	\$16,058	\$0.00

Example 2 – Assume you elect a Supplemental Vacation Benefit fixed payment of \$12,000 paid in the last week of January and you submit a valid Form W-4 to the Fund.

	FICA/Medicare	Federal	State	City	Payment
Single w/Zero	\$918.00	\$572.50	\$184.00	\$143.50	\$10,182.00
Married w/Zero	\$918.00	\$0.00	\$162.00	\$133.25	\$10,786.75
Married w/2	\$918.00	\$0.00	\$82.00	\$92.25	\$10,907.75

Example 3 – Assume you elect a Supplemental Vacation Benefit fixed payment of \$9,000 paid in the last week of January and you submit a valid Form W-4 to the Fund.

	FICA/Medicare	Federal	State	City	Payment
Single w/Zero	\$688.50	\$272.50	\$64.00	\$82.00	\$7,893.00
Married w/Zero	\$688.50	\$0.00	\$42.00	\$71.75	\$8,197.75
Married w/2	\$688.50	\$0.00	\$0.00	\$30.75	\$8,280.75

Special Rule on Benefit Payments - Account C Only

Benefits under the new Account C are similar to the current benefits provided under Account A and/or B. However, as determined by the Bargaining Parties, Account C must maintain a minimum account balance of \$7,500 for BT Journeymen and \$3,750 for BT Apprentices, with skill level to be determined at time of benefit payment. This minimum account balance can be used as an “Emergency Relief Fund” for the following benefit payments under the terms of the Plan:

- a. Supplemental Unemployment Benefit
- b. Supplemental Workers’ Compensation
- c. Supplemental Disability Benefit
- d. Supplemental Income Maintenance
- e. Emergency Benefit for Disaster, Fire or Flood
- f. Legal Service Benefit
- g. Funeral Benefit

Individual amounts in excess of minimum balance can be used for the following benefit payments under the terms of the Plan:

- a. Severance Benefit
- b. Death Benefit
- c. Supplemental Vacation Benefit
- d. Education/Training Benefit

GENERAL INFORMATION

How to File a Claim for Benefits

Claim forms are available from the Fund Office and on the website at www.ualocal1funds.org.

Read the claim form carefully, answer all questions and include any required information. Documents and proof required for the various benefits provided by this Plan are detailed in the description of each benefit. Claims must be filed within 36 months of the qualifying event.

The claim along with the required attachments, should be mailed, to:

Plumbers Local Union No. 1 Welfare Fund ASB Account
50-02 Fifth Street, Second Floor
Long Island City, New York 11101

Claims Appeal Procedure

If your application for benefits is denied, in whole or in part, the Fund Office will provide you with a written notice of denial, which sets forth the reasons for the denial. If you disagree with the decision of the Fund Office concerning your application for benefits, here is what you should do.

- Review your application form and supporting documents carefully. Make certain that the Fund Office has received all information required for your application
- If you still have a question concerning the denial of your application for benefits, you may request the Board of Trustees or the Appeals Committee to review your benefit denial by submitting a written appeal to the Trustees. Your written appeal must be submitted within 90 days after you receive a notice of denial.

Your appeal should be sent to:

Plumbers Local Union No. 1
Welfare Fund

50-02 Fifth Street, Second Floor
Long Island City, New York 11101

Your written appeal should state the reason for your appeal. This does not mean that you are required to quote all applicable Plan provisions or to make “legal” arguments; however, you should state clearly why you believe you are entitled to the benefit you claim. The Trustees can best consider your position if they clearly understand your claims, reasons and/or objections.

The Trustees or a designated committee of the Trustees will review your appeal at their quarterly meeting immediately following the receipt of your appeal unless the Fund Office received your appeal within 30 days of the date of the meeting. In this case, your appeal will be reviewed at the second quarterly meeting following receipt of the appeal. You may contact the Fund Office concerning the date of the next meeting so that you may submit your appeal in time to be heard at that meeting. If special circumstances require an extension of the time for review by the Trustees or the Committee, you will be notified in writing.

You will receive written notice of the appeal decision which will include specific references to Plan provisions on which the decision is based, and may indicate if additional information might help your claim.

In connection with an appeal, you may review pertinent documents in the Fund Office after making appropriate arrangements or you may request that documents be provided to you.

Any action by a Participant, Spouse or Beneficiary for benefits following the denial of an appeal must be filed within 365 days after the date of the notice of the denial of the appeal. Remember that you cannot file a lawsuit until you have complied with the Fund’s administrative appeal procedures. Any lawsuit related to any claims that a Participant, Spouse or Beneficiary may have against the Fund, the Board of Trustees, or any employee, fiduciary or representative of the Fund may only be brought in the United States District Court for the Eastern District of New York in Brooklyn, New York.

Extension of Eligibility for Active Eligible Employees During Periods of Temporary Disability Effective January 1, 2021 (page 6 of the SPD, replace section)

DISABILITY CONTINUATION OF COVERAGE MONTHLY PREMIUMS – Effective January 1, 2021

Coverage Type	Individual	Family
First 18 months	\$0 per month	\$0 per month
Additional 18 months	\$878 per month	\$2,359 per month

“...Effect of Permanent Disability Award **or Medicare** on Eligibility for Temporary Disability Extension: You are not eligible for this extension if you are permanently disabled. If you are in receipt of a Social Security Disability Award, you are no longer Temporarily Disabled. You must notify the Fund Office within 30 days of becoming eligible for a Social Security Disability Award **or Medicare eligible**. If you receive a Social Security Disability Award **or Medicare** and fail to notify the Fund Office, the Plan will seek reimbursement of the lesser of (a) the amount you would have paid in retroactive COBRA premiums (if COBRA had been elected instead of the Temporary Disability Extension) or (b) the amount of actual claims paid after you received the Social Security Disability Award **or Medicare**. For Social Security Permanent Disability Awards granted on or after January 1, 2017, the Plan will not seek reimbursement.

How to File a Claim for Reimbursement / HRA (page 75 of the SPD, revised section)

A claim can be filed up to 36 months from the date the reimbursable expense was incurred.

You or your provider must first submit a claim for the expense to any benefit plan in which you are covered for the same services. For a list of HRA expenses which may be submitted, see the Eligible Expenses section in the SPD. You must have itemized bills with the name of the patient and provider or the date(s) of service or supply and the type of service or supply for each expense. Canceled checks and balance forward statements cannot be used for claim purposes. For claim expenses greater than \$500.00, you can submit a balance forward statement and designate the HRA claim as "pay to Provider". You can submit a claim as often as necessary. The minimum claim payment is \$25.00. Reimbursement for Eligible Expenses is not made until you have submitted at least \$25.00 in reimbursable expenses and at least \$25.00 is available in your HRA account. Claims submitted or awaiting payment that are less than \$25.00 will be reimbursed quarterly. All reimbursements will be made payable to the Employee.

Claims for reimbursement are processed monthly. You will receive an Explanation of Benefits for each claim. Account balance statements will be mailed to you at the end of each Plan Year.

Extension of Eligibility During Periods of Unemployment *(page 7 of the SPD, replace section)*

UNEMPLOYMENT CONTINUATION OF COVERAGE MONTHLY PREMIUMS – Effective January 1, 2021

Coverage Type	Individual	Family
First 6 months (Month 1 to Month 6)	\$0 per month	\$0 per month
Following 6 months (Month 7 to Month 12)	\$220 per month	\$590 per month
Additional 18 months (Month 13 to Month 30)	\$878 per month	\$2,359 per month

Dependent Eligibility Following the Death of An Active Eligible Employee *(page 11 of the SPD, replace section)*

Dependents who are eligible for benefits at the time of the death of the Active Eligible Employee continue to be covered by the Plan at no cost for six (6) months following the date of death of the Employee. Thereafter, Dependents may elect to purchase COBRA Continuation as described on page 19.

The Spouse and Dependent of a deceased Eligible Employee may reject COBRA and continue to purchase Plan coverage as described below. The Trustees will determine the rate for Surviving Spouse Continuation of Coverage annually.

Eligibility for the different levels of Surviving Spouse/Dependent Continuation of Coverage is determined by Age and Service. If you qualify for Surviving Spouse/Dependent Continuation of Coverage, your level of benefits and your monthly cost may change over time as you become Medicare eligible, your Dependent reaches age-26 or if the Trustees make any changes to the Fund's rules.

- **Early Continuation of Coverage for Surviving Spouse/Dependents:**
If you retired between ages 55 and 59 and met the service requirements.
- **Non-Medicare Continuation of Coverage for Surviving Spouse/Dependents:**
If you retired between ages 60 and 64 or at age 55 or older with Social Security Disability, met the service requirements, and you are **not** currently Medicare-eligible.
- **Medicare Wrap Around Continuation of Coverage for Surviving Spouse/Dependents:**
If you retired between ages 60 and 64 or at age 55 or older with Social Security Disability, and you are currently Medicare-eligible.

Surviving Spouse and Dependent Eligibility Rules - You may be eligible for Surviving Spouse and Dependent Benefits from this Plan if you meet the following requirements. You must satisfy both the applicable age and service requirements. In addition, you must elect Surviving Spouse/Dependent coverage during the 6-month period following the death of an Active Eligible Member. Failure to elect Surviving Spouse/Dependent Continuation of Coverage at the required time will result in the permanent forfeiture of all eligibility for Surviving Spouse/Dependent Coverage. Under no circumstances can you elect Surviving Spouse/Dependent Coverage after the expiration of the date upon which to elect such coverage.

- **Age** – The level of Surviving Spouse/Dependent Continuation of Coverage that may be available to you is determined by Age of Active member at time of death. See above Eligibility Overview for the different age groups.
- **Service** - The level of Surviving Spouse/Dependent Continuation of Coverage that may be available to you is determined **based on how long the deceased Active member worked in** Covered Employment, i.e., the length of service.
 1. The deceased Active member must have been eligible for benefits from this Plan for at least ten (10) years and for at least 84 out of the last 120 months prior to the date of death. Months during which the Active member was covered under the Plan by virtue of COBRA are not counted in determining whether you satisfy the 84 of 120 eligibility months service test.
 2. In addition to satisfying requirement 1 above, a deceased Active member must have at least 500 hours of work reported to the Welfare Fund for the last three (3) years prior to the date of death. If disabled, the deceased Active member must have had 500 hours reported during the 36-month period prior to the date of death.
 3. In addition to satisfying requirements 1 and 2 above, the deceased Active member must have 20-years of Pension Credit with the PPNPF, or one of the prior plans.

Surviving Spouse and Dependent Benefits - You may be eligible for the below Surviving Spouse and Dependent Benefits from this Plan if you meet the requirements described above.

Early Continuation of Coverage for Surviving Spouse/Dependents:

At time of Death: Active Eligible Employee; and Does Not Meet Service Requirements described above.

MONTHLY PREMIUMS – Effective January 1, 2021

Coverage Type	Individual	Family
SIX MONTHS FOLLOWING DEATH of ACTIVE MEMBER	\$0 per month	\$0 per month
THIRTY-SIX MONTHS FOLLOWING SIX MONTH PERIOD or SURVIVING SPOUSE REMARRIES. UNTIL DEPENDENT REACHES AGE 26	\$571 per month	\$1,533 per month

Early Continuation of Coverage for Surviving Spouse/Dependents:

At time of Death: Active Eligible Employee; Age 50-59 and Meet Service Requirements described above

MONTHLY PREMIUMS – Effective January 1, 2021

Coverage Type	Individual	Family
SIX MONTHS FOLLOWING DEATH of ACTIVE MEMBER	\$0 per month	\$0 per month
UNTIL SURVIVING SPOUSE IS MEDICARE ELIGIBLE or SURVIVING SPOUSE REMARRIES. UNTIL DEPENDENT REACHES AGE 26	\$571 per month	\$1,533 per month

Continuation of Coverage for Surviving Spouse/Dependents:

At time of Death: Active Eligible Employee; Age 60 and above or with a Social Security Disability Award that was granted at Age 55 or above and Meet Service Requirements described above

MONTHLY PREMIUMS – Effective January 1, 2021

Coverage Type	Individual	Family
SIX MONTHS FOLLOWING DEATH of ACTIVE MEMBER	\$0 per month	\$0 per month
UNTIL SURVIVING SPOUSE IS MEDICARE ELIGIBLE or SURVIVING SPOUSE REMARRIES. UNTIL DEPENDENT REACHES AGE 26	\$79 per month	\$212 per month
MEDICARE WRAP AROUND UNTIL SURVIVING SPOUSE REMARRIES	\$61 per month	\$165 per month

Non-Medicare Continuation of Coverage for Retirees/Dependents
(page 16 of the SPD, revised section)

MONTHLY PREMIUMS – Effective January 1, 2021

Coverage Type	Individual	Family
Non-Medicare Continuation of Coverage	\$79 per month	\$212 per month

Coverage Type	Individual	Family
Surviving Spouse / Overage Dependent - Not Medicare eligible	\$79 per month	\$212 per month
Surviving Spouse / Overage Dependent - Medicare eligible	\$61 per month	\$165 per month

Medicare Wrap Around Continuation of Coverage for Retirees/Dependents
(page 16 of the SPD, revised section)

MONTHLY PREMIUMS – Effective January 1, 2021

Coverage Type	Individual	Family
Medicare Wrap Around Continuation of Coverage	\$61 per month	\$165 per month

Coverage Type	Individual	Family
Surviving Spouse / Overage Dependent - Not Medicare eligible	\$79 per month	\$212 per month
Surviving Spouse / Overage Dependent - Medicare eligible	\$61 per month	\$165 per month

Early Continuation of Coverage under Age 55 for Retirees and Dependents

(page 18 of the SPD, revised section)

MONTHLY PREMIUMS – Effective January 1, 2021

Coverage Type	Individual	Family
Non-Medicare Continuation of Coverage	\$571 per month	\$1,533 per month

Forfeiting Unused Contributions / HRA - Effective January 1, 2020

(page 77 of the SPD, revised section)

Upon your death, your eligible Dependents will continue to have access to the HRA and receive reimbursement from the HRA so long as the account balance is sufficient to cover their claims. However, under IRS requirements, if you have no eligible Dependents or if your eligible Dependents die without using all of the amounts in your HRA, any unused balances in your HRA will be forfeited. Any amount forfeited will be used to offset the administrative costs of the HRA. The Trustees cannot change the IRS requirement for forfeiture of unused HRA balances.

If HRA reimbursements are due to a minor, the Fund may pay the benefits to the person having present custody or care of the minor and with whom the minor resides, provided such person agrees in writing to apply the reimbursements solely for the minor's support and to comply with any other conditions established by the Trustees or required by law. The Trustees may also make reimbursement payment to a minor by depositing the amount in an insured bank account for the minor and giving notice to the minor.