DATE: December 2013

TO: **All Annuity Plan Participants, Beneficiaries, Alternate Payees,** Local Lodges, Contributing Employers and the IBB

FROM: Boilermakers National Annuity Trust

RE: Important Changes to the Annuity Plan Effective January 1, 2014

We are pleased to announce the Board of Trustees has recently made important changes to the Annuity Plan through the adoption of Plan Amendment 12, effective January 1, 2014. Among other changes, the Amendment provides an expanded list of optional forms of benefit and greater flexibility in the availability of loans from the Plan.

Please read this notice carefully and keep it with your Summary Plan Description for future reference. This notice summarizes Plan Amendment 12, which affects your rights under the Plan through plan design changes in the following substantive areas:

- Elimination of the "force-out" from the Plan at age 65
- The addition of new optional forms of benefit available under the Plan
- More flexibility in the availability of loans from the Plan
- A higher loan maximum which may be borrowed from your Individual Account
- A change in the loan interest rate reference utilized by the Plan
- The addition of "eviction" as grounds for a loan from the Plan
- Extended repayment periods for principal residence Plan loans

Elimination of the Age 65 Force-Out

Old Rule: A Participant who was separated from service at a point following age 65 without beginning payment of his benefits would be "forced out" of the Plan and subject to an automatic commencement of benefits from his Individual Account. The Fund would automatically begin payment of the benefit, through the purchase of an annuity contract, in the form of a Qualified Joint and Survivor Annuity if the Participant was married, or through a Single Life Annuity for unmarried Participants.

New Rule: Participants who have reached age 65 and have an account balance in excess of $5,000 now have the option of remaining in the Plan beyond age 65, even if they have separated from service. This amendment does not affect the obligation to commence Required Minimum.

Distributions upon the Participant's Required Beginning Date (generally, April 1st of the calendar year following *the later of* the calendar year in which the Participant attains age 70-1/2 or the calendar year in which the Participant Retires).

Example 1: Tom Boilermaker retires at age 68 in February 2014, and has a balance of $40,000 in his Individual Account. Because Tom is now permitted to remain in the Plan despite separating from service after reaching Normal Retirement Age (65), he chooses not to have any portion of his account distributed at the time of his retirement. In fact, Tom is not required to take any distribution until April 1 of the year after that in which he reaches age 70 ½, in accordance with the IRS's required minimum distribution rules.

Addition of Installment Payments as an Optional Form of Benefit

Old Rule: The Annuity Plan limited the distribution options for Participants to either a single lump sum payment or an annuity form of payment through the purchase of an annuity contract. Beneficiaries were generally limited to a lump sum distribution (surviving spouses meeting certain Plan requirements were entitled to a Qualified Pre-Retirement Survivor Annuity form of payment in the event they did not elect a lump sum).

New Rule: Effective for distributions on or after January 1, 2014, installment payments are added as an optional form of benefit available to both Participants and Beneficiaries. Benefits will be paid in the form of equal installments on a monthly, quarterly, annual, or semi-annual basis over a fixed reasonable period of time, subject to the IRS's Required Minimum Distribution Rules. You or your beneficiary may, at any time, change or revoke an earlier installment payment election with respect to an unpaid account balance, provided such change/revocation does not violate IRS required minimum distribution rules. This will generally allow you to change the frequency of payment or the amount received at any time while there is an unpaid balance of your accumulated share. **NOTE: An election to receive a lump sum or an annuity form of payment (through the purchase of an annuity contract) is irrevocable once payment has commenced.**

Installment payments will be discontinued in the event additional hours or contributions are posted to your Individual Account before a scheduled payment is processed and approved. You may re-apply for installment payments once you re-establish a separation from service, which requires completion of a new 12 consecutive month period in which you perform no work in Covered Employment.

Addition of Partial Distributions for Greater Flexibility in Benefit Options

Old Rule: A single benefit election (whether a lump sum distribution or an annuity) applied to the entire account balance. A Participant could not choose to take a partial distribution of the balance in his Individual Account.

New Rule: Effective January 1, 2014, upon becoming entitled to the payment of benefits, you or your beneficiary may elect to receive distribution of all or any portion of the Individual Account in any available form of payment under the Plan, provided the Plan's spousal consent requirements are satisfied.

Example 2: Bill Boilermaker retires in February 2014 with an Individual Account balance of $100,000. He may choose to take $50,000 in the form of a single lump sum payment. The remaining $50,000 may be left in his Account, distributed through installment payments over a fixed term, or paid through any of the annuity options available under the Plan. Bill retains the right to change a prior election to receive installment payments. For instance, if Bill elects to receive the remaining $50,000 in installment payments but encounters financial difficulties in 2015 and requires immediate access to the remainder of his Individual Account, he may forgo the future installments and elect to receive the remainder in a lump sum. However, an election to receive a lump sum or an annuity form of payment (through the purchase of an annuity contract) is irrevocable once payment has commenced.

Eligibility for a Plan Loan – Elimination of the 5-Year Requirement

Old Rule: The Plan required a Participant to have an Individual Account for five years or more before he or she could qualify for a Plan loan. If you had taken a distribution of your account balance upon leaving Covered Employment and later return to Covered Employment, you were required to again satisfy the 5-year requirement in order to be eligible for a Plan loan.

New Rule: Effective January 1, 2014, as long as you have a balance of at least $2,000 in your Individual Account, you will be eligible for a Plan loan regardless of the length of time you have held your Individual Account, provided you satisfy the other loan requirements summarized in the Plan Document and Section 9 of the Summary Plan Description.

Increase in the Maximum Plan Loan Available from your Individual Account

Old Rule: The Plan previously limited the maximum loan amount which could be taken to *the lesser of* 40% of the amount in your Individual Account, *or* $50,000 minus the highest outstanding balance of any plan loan you had in the 12 month period preceding the new loan.

New Rule: Under the new rule, the Plan has increased the maximum loan amount to reflect the maximum permissible by federal law. Effective January 1, 2014, the maximum amount which may be borrowed from your Individual Account shall be *the lesser of* 50% of the amount in your Individual Account *or* $50,000, minus the highest outstanding balance of any plan loan you had in the 12 month period preceding the new loan.

Change in the Benchmark Used to Determine the Interest Rate of Plan Loans

Old Rule: The Plan provided that the interest rate assessed on Plan loans would be the prime interest rate plus one point, as published in the *Wall Street Journal*, on the last business day of the month prior to the month in which the loan is requested.

New Rule: To make the Plan language consistent with the operations of the Plan's new recordkeeper, effective January 1, 2014, the interest rate assessed on Plan loans shall be the prime interest rate plus one point, as published on www.federalreserve.gov, on the last business day of the month prior to the month in which the loan is requested.

Addition of Eviction as Grounds for a Plan Loan

Old Rule: The Plan would allow for a Plan loan in the event of an imminent *foreclosure* on a Participant's principal place of residence, but did not address or provide for loans where a Participant was threatened with the loss of his residence through eviction.

New Rule: In addition to allowing for a Plan loan where you are faced with the loss of your principal place of residence through a foreclosure proceeding, effective January 1, 2014, a loan may also be taken where you have been threatened with the imminent loss of your residence through an eviction notice. In order to qualify as grounds for a Plan loan, the threatened eviction must be documented by a formal written notice from or on behalf of the property owner, stating that eviction proceedings will be initiated if overdue rent is not received by a specified date.

Extended Repayment Period for Principal Residence Plan Loans

Old Rule: The Annuity Plan provided for a maximum of ten years to repay a loan taken for the purpose of acquiring any dwelling unit which, within a reasonable time, is to be used as the Participant's principal residence (a "principal residence Plan loan").

New Rule: Effective for loans issued on or after January 1, 2014, the Annuity Plan provides for a maximum repayment period of twenty years for principal residence Plan loans.

For More Information

If you have questions concerning these amendments, please contact Prudential Retirement toll free at 1-855-611-BNAT (2628).

- Automated system available 24 hours a day, seven days a week
- Representatives are available Monday through Friday 8 a.m. to 9 p.m. ET

To access your account online go to www.bnf-kc.com and click the “Check Your Annuity” link to access your individual account.

Sincerely,

The Board of Trustees
Boilermakers National Annuity Trust