



CEMENT MASONS & PLASTERERS LOCAL UNION #518 FRINGE BENEFIT FUNDS

Managed for the Trustees by:
TIC INTERNATIONAL CORPORATION

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May 21, 2010

**TO: ALL PARTICIPANTS OF THE CEMENT MASONS & PLASTERERS LOCAL 518
DEFINED CONTRIBUTION PLAN**

RE: NEW HARDSHIP DISTRIBUTION AND LOAN OPTIONS

Dear Participant:

The Board of Trustees of the Cement Masons & Plasterers Local 518 is pleased to announce two new options for participants to use funds from their Defined Contribution Plan, prior to retirement.

❖ HARDSHIP DISTRIBUTIONS

Effective June 1, 2010, eligible participants may withdraw a portion of their vested account balance through a *Hardship Distribution*. A Hardship Distribution is allowed only for participants who have an immediate and heavy financial need and have a qualifying event. The following situations are deemed to be a qualifying event for the purpose of a Hardship Distribution:

- Foreclosure of the participant's primary residence;
- Medical expenses;
- Funeral expenses;
- Eviction from the participant's primary residence;
- Damage to the participant's primary residence from a natural disaster.

Documentation to support the Distribution amount will be required. If approved, the Hardship Distribution will NOT be paid to the participant, but rather to the mortgage company, doctor's office, funeral home, landlord, repair contractor(s), etc.

Participants must have a minimum of \$5,000 in their account and may withdraw the lesser of 50% of their vested account balance, up to a maximum of \$50,000. The minimum Distribution amount is \$1,000.

All Distributions will be subject to a one-time administration fee of \$250, and a 10% Early Distribution penalty. The Plan will also automatically withhold 10% for Federal income tax, unless the participant opts-out of having taxes withheld.

The participant will be required to complete an application and provide proper documentation to support the Distribution request, and the Distribution must be approved by the Board.

❖ LOANS

Effective June 1, 2010, eligible participants may borrow a portion of their vested account balance through a *Loan*.

Participants must have a minimum of \$5,000 in their account and can borrow the lesser of 40% of their vested account balance, up to a maximum of \$40,000. The minimum Loan amount is \$1,000.

All Loans will be subject to a one-time administration fee of \$250. Each Loan will also be subject to a repayment term and interest rate. The interest rate will remain constant for the term of each individual Loan. The Prime Interest Rate will be reviewed annually by the Trustees on January 1st, and will apply for all new Loans in that year. ***The Prime Rate effective for all loans in 2010 is 3.25%.***

The participant will be able to pick the term of their Loan from the following options:

- 36 Month Term – This term is subject to an interest rate of Prime Rate + 3.00%
(Currently 6.25%)
- 48 Month Term – This term is subject to an interest rate of Prime Rate + 3.25%
(Currently 6.50%)
- 60 Month Term – This term is subject to an interest rate of Prime Rate + 3.50%
(Currently 6.75%)

Repayment of the Loan balance and applicable interest will be required on a monthly basis, based on the term selected by the participant. Additional fees will apply for late payments and returned payments. If the participant fails to make payments for 4 months, the Loan will be in default, and the amount of the Loan will be reported to the Participant and the IRS as income on Tax Form 1099-R.

The participant will be required to complete an application and provide proper documentation to support the Loan request, and the Loan must be approved by the Board.

If your self-directed account is allocated to more than one investment account, the Hardship Distribution or Loan will be taken from all your investment accounts on a pro-rata basis, based upon the market value of each account balance as of the date of the distribution.

This may be a good time to review your investment elections and make sure your current allocations meet your long-term investment goals and objectives. To make changes to your allocations, please contact Ekon Benefits' *Voice Response Unit* at (866) 741-4015 or visit them on-line at www.myekon.com.

For all Hardship Distribution and Loan Applications, please allow at least 2 weeks for processing once your completed application is received by the Fund Office.

For the complete qualifications, conditions and restrictions of these two new options, or to obtain an application, please visit our website at <http://www.kcmasonsbenefits.org/> under the “Defined Contribution” section, or contact the Fund Office at (913) 236-5490.

Sincerely,

BOARD OF TRUSTEES