

Utility Workers of America Deferred Compensation Plan - Local 204 & 223 (Plan)

Introduction

Your Union, the Utility Workers of America Local 223, and Utility Lines Construction Services, Inc., an employer, negotiated a collective bargaining agreement (CBA) that created a new 401(k) plan for you. This 401(k) plan is a deferred compensation plan named after the Internal Revenue Code Section that permits you to contribute to the plan with “pre-tax” dollars.

This memo answers some of the more “frequently asked questions” about your new Plan. But, if you have questions that are not answered here, you should contact TIC, International, Inc. (“TIC”), the Plan’s third party administrator.

Q-1 Generally, please explain this new 401(k) plan.

A-1 The Plan is a typical 401(k) plan with some unique features. Most 401(k) plans are maintained, controlled and administered by an employer. Your 401(k) plan, however, is administered by a four (4) member Board of Trustees. This Board is composed of an equal number of representatives from Local 223 (2) and your employer (2).

Q-2 How do I contribute to the Plan?

A-2 You contribute to the Plan in two (2) ways after you are hired by Utility Lines Construction Services, Inc. First, your CBA calls for one percent (1%) of your pre-tax compensation to be **automatically** contributed to the Plan.

But, you can also elect to contribute *more* to the Plan (up to a total of fifteen percent (15%) of your compensation), subject to applicable tax law limits. (If you exceed tax law limits on contributions to the Plan, you will be notified and the excess contributions will be returned to you.)

Q-3 Must I participate in the Plan?

A-3 No. If you don’t want to participate, you can “opt-out” by completing an election form. The automatic contributions (1%) made on you behalf and any earnings actually attributable to them will be returned to you shortly after you opt out.

Q-4 Will my employer contribute to the Plan?

A-4 Yes. Your employer has agreed to “match” or contribute one-half (50%) of the first three percent (3%) of your contribution (including your one percent (1%) automatic contribution). So, the more you contribute, the more the employer will contribute, up to the maximum amount of one-half of the first three percent (3%) of your contribution.

Q-5 When does my money go into the Plan?

A-5 Your employer withholds money from your paycheck as you earn your compensation. Then, by the 15th of the month, your employer sends this money (and any employer matching contribution money it may owe on your behalf) for the past month to a bank lock box operated by the Plan's administrative manager, TIC.

Q-6 How will my Plan contributions and employer contributions be invested?

A-6 The Plan is brand new. So, the Trustees are selecting an investment consultant to provide recommendations on Plan investments. Initially though, because the Plan currently has insufficient assets to invest in traditional investment vehicles *and*, at the same time, pay investment fees, your contributions will be held in interest bearing investments, *e.g.*, Certificate of Deposits. Currently, even ninety (90) day CDs are earning 5.24%.

Q-7 Can I direct my Plan investment?

A-7 Yes, eventually you will direct your Plan investments. But, not yet.

Q-8 Why can't I self-direct my Plan investments now?

A-8 Because there are, at this early stage, insufficient assets to prudently and economically operate self-directed accounts.

Q-9 Can I participate in a different 401k plan or "move my money" out of an existing employer's 401k into the Plan.

A-9 Your CBA requires that you participate in this Plan. You cannot continue to participate in another 401k plan maintained by your employer unless the CBA provides for your continued participation. Any contributions made on your behalf (and earnings on those contributions) to another 401k plan maintained by your employer will stay in that plan unless that plan and this Plan's Trustees agree that the money will be transferred.

Until then, the other plan's terms will continue to apply to your accounts in that plan (*e.g.*, you will invest the money and be eligible for distribution of your account balances) as provided by that other plan.

Q-10 Will I get more detailed written information about this Plan?

A-10 Yes. You soon will receive a Summary Plan Description or "SPD". The SPD is a plainly written explanation of important Plan terms, conditions, benefits and your rights. And, you will receive, on a regular basis, an account statement showing the contributions made to your account and the Plan earnings allocated to it.