Alaska Electrical Trust Funds

PENSION FUND – HEALTH AND WELFARE FUND – LEGAL FUND
701 E Tudor Suite 200 • Anchorage, AK 99503
(907) 276-1246 • (800) 478-1246 • Fax: (907) 278-7576
www.aetf.com

June 2020

Dear Participant:

This notice will supplement the May notice regarding the change allowing pre-tax contributions to the Alaska Electrical Retirement Savings Plan ("Plan") effective July 1, 2020. This notice is intended to help you finalize your preparation for upcoming changes that may affect your retirement saving options.

Background

Effective January 1, 2020, the Board of Trustees converted the Alaska Electrical Workers Money Purchase Pension Plan to the Alaska Electrical Retirement Savings Plan. Effective July 1, 2020, 401(k) pre-tax contributions can be made to the Plan as follows:

- 401(k) pre-tax contributions will generally be made in the same manner as for after-tax contributions – you can elect to make either or both 401(k) pre-tax and after-tax contributions in 1% increments of your compensation, up to an annual maximum of 50%.
- Like other contributions to your Plan Accounts, your 401(k) pre-tax contributions are always vested.
- Like other contributions to your Plan Account, you can separately direct investment of your 401(k) pre-tax contributions.
- The same distribution events apply to 401(k) pre-tax contributions as apply to the employer contribution portion of your account-- you will only be able to withdraw your 401(k) pre-tax contributions after you terminate employment under the Plan or retire.

Other terms of the Plan, including your ability to make after-tax contributions, have not changed.

When Are You Eligible to Make Pre-tax Contributions?

For hours worked on or after July 1, 2020, you can make 401(k) pre-tax contributions to the Plan only if you are working under a collective bargaining agreement or non-bargaining unit special agreement that permits them. If you are working under one of the NECA Construction bargaining agreements or one of the many NECA Industry Support bargaining agreements, you will be eligible to make 401(k) pre-tax contributions during the first pay period beginning on or after July 1, 2020. If you are working under another bargaining agreement or under a special agreement that makes employer contributions to this plan, your eligibility will depend on whether your employer has taken action to permit these pre-tax contributions.

Following this communication is a list of agreements permitting 401(k) pre-tax contributions as of June 15, 2020. If you are not covered under one of these agreements, you can check with your union or employer to see if and when you may be covered.

Once Eligible, How Do You Make or Change Pre-tax Contributions?

You elect your contribution using a form that is provided by your employer and submit this form to your employer for processing. If you would like to modify or discontinue your contribution election, you must submit a new election form to your employer.

If you change employers, you must file a new election to continue contributions. If you fail to do so, your contribution elections will cease.

Why Should You Consider Making Pre-tax Contributions To This Plan?

Saving for retirement is a personal choice because retirement resources and goals vary individually. As you consider your retirement goals, we encourage you to understand what your current resources (including your Pension Plan benefit and Social Security) might provide at your targeted retirement date. It may be helpful to use John Hancock's *new on-line calculator* in order to help you determine your retirement saving goals.

Once you have established your retirement savings goals, you should consider the differing tax implications of 401(k) pre-tax employee contributions and after-tax employee contributions. The education material entitled *"Comparing Pre-Tax or After-Tax Contributions"* provided in May should help you think about what might be right for you. Also, the attached education material entitled *"The Benefits of Your Participation"* may help you better understand the power of pre-tax contributions.

Other Questions?

If you have any questions about the impending changes or any other aspect of the Plan, please contact the Administrative Office at (907) 276-1246. Thank you.

Sincerely,

Gregory R Stokes

Gregory R. Stokes

Administrator

List of Agreements and Effective Dates—June 15, 2020

Agreement	**Effective Date**
NECA Outside Power	1st Pay Period on or after July 1, 2020
NECA Outside Communications	1st Pay Period on or after July 1, 2020
NECA Inside	1st Pay Period on or after July 1, 2020
NECA Electrical Support	1st Pay Period on or after July 1, 2020
NECA Line Clearance, Tree Trimming, and Vegetation Control	1st Pay Period on or after July 1, 2020
NECA Residential	1st Pay Period on or after July 1, 2020
NECA Industry Support	1st Pay Period on or after July 1, 2020

Achieving your retirement dreams won't happen by accident.

A comfortable retirement requires planning. The good news is that sound retirement planning doesn't have to be complicated. By participating in the **Alaska Electrical Retirement Savings Plan**, you can take advantage of a wide range of benefits to help you take control of your future—today!

Take charge of your retirement planning today and realize the benefits associated with tax-deferred growth, compound earnings, pain-free payroll deductions, and more.

Get started today!

Contact your employer to sign up.

John Hancock

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ALASKA IBEW LOCAL 1547 | NECA ALASKA CHAPTER

The benefits of participating

ALASKA ELECTRICAL RETIREMENT SAVINGS PLAN

The benefits of making pre-tax contributions

The Alaska Electrical Retirement Savings Plan ("Plan;" previously named the Alaska Electrical Workers Money Purchase Pension Plan) can be one of the best tools available to help you build your financial future. Starting July 1, 2020 the plan will allow you to supplement the contributions your employer makes on your behalf, and those you make on an after-tax basis, by making your own pre-tax contributions. We've listed four benefits of contributing to your plan here.

1 Your tax advantage

Since pre-tax contributions are taken out of your paycheck before federal income taxes, you may be able to lower your taxable income and find yourself in a lower tax bracket.

Howard earns an annual income of $76,000. He's considering a pre-tax deferral of $500 per month to the Alaska Electrical Retirement Savings Plan.

		Howard's taxes would be
HOWARD'S TAXABLE INCOME BEFORE CONTRIBUTING	**$76,000**	$12,579[1]
ANNUAL PRETAX CONTRIBUTIONS ($500 x 12)	**$6,000**	
HOWARD'S TAXABLE INCOME AFTER CONTRIBUTING	**$70,000**	$11,259[2]

Howard now pays **$1,320 less in taxes** than he would if he didn't contribute pre-tax to this plan!

Your account can grow without being taxed until you withdraw your money.[3] You might be in a lower tax bracket when you retire, so you may pay less in taxes when the funds are withdrawn[3] than if you were taxed on the money now.

1 This is a hypothetical mathematical illustration only. Figures are based on assumptions as set out, and individual circumstances may vary. **2** Based on 2019 IRS tax tables. **3** Withdrawals from taxable amounts will be subject to income tax and, if taken prior to age 59½, a 10% IRS penalty may apply.

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2 You're in control

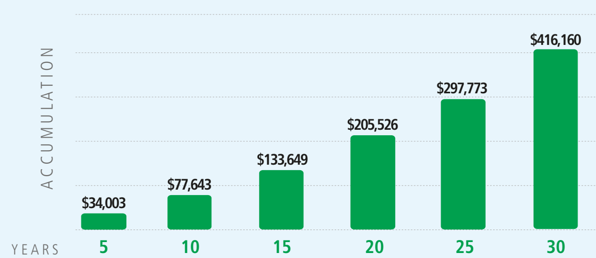
You contribute as much as you want (subject to plan and IRS limits) to your account. For employees who want to set aside additional assets for retirement in a different way, the plan still has an after-tax option. Plus, you have the flexibility to terminate your contributions at any time.

3 Time on your side

When it comes to investing, time is a powerful ally. Compound earnings are the growth on your original contributions and the previous growth earned on those assets. Compounding can go a long way toward helping you secure your retirement dreams. Your savings have an opportunity to keep growing. It may not seem like much in the early days, but compounding can really add up!

Here's an example of how compound earnings work.

If Leslie and John saved $500 per month for 30 years and earned an average tax-deferred annual return of 5%, they'd end up with $416,160! Their contributions would total $180,000. The remainder—$236,160—would be compound investment earnings!†



† This example is not intended to represent investment advice. This is a hypothetical mathematical illustration only. Figures are based on assumptions as set out, and individual circumstances may vary. There is no guarantee that the results shown will be achieved or maintained over any time period. This example assumes no withdrawals; does not take into account fees associated with investing, which, if included, would reduce the account balance; and assumes reinvestment of earnings. Taxes are due at withdrawal.

4 Easy payroll deductions

Saving regularly is important for accumulating the money you'll need in retirement. Your contributions are deducted directly from your paycheck in the amounts you choose—an effortless process that really works. And since the money comes out before you get paid, you may not notice the difference.

How you can get started

If and when your employer has authorized pre-tax contributions, you will need to complete an election form that your employer provides. If you change jobs to another contributing employer in this plan, you will need to re-elect with your new employer if the new employer allows pre-tax contributions. But even if continuing in the plan isn't an option, there are several ways to keep your retirement savings invested and growing on a tax-deferred basis.[4]

Plus, once you've enrolled, John Hancock is there for you with:

- Online access to your account information and quarterly statements
- Tools to help you track your progress toward saving for your retirement
- Other resources and education to help you along the way

4 Certain restrictions and conditions may apply. When withdrawing money from your plan, carefully consider the options available to you, including rolling your money over to another qualified account to avoid potential tax penalties.