



August 2025

Summary of Material Modifications

The Board of Trustees is providing you this notice with important information about changes in the Alaska Electrical Retirement Savings Plan or "RSP" that were approved at the June 2025 meeting. These include:

- A change to the RSP rules that determine who your beneficiary is if you do not designate your beneficiary or your beneficiary dies before you, effective for deaths on and after January 1, 2026.
- The elimination of so-called "catch-up" contributions effective January 1, 2026.
- New "required beginning date" rules required by federal law, effective retroactive to January 1, 2020.
- A clarification of the RSP's lump sum distribution form of payment effective July 1, 2025.

These changes affect descriptions in the Summary Plan Description or "SPD" as noted below.

Change to Default Beneficiary Rules

The RSP allows you to designate a beneficiary of your choosing (with your spouse's consent if you are married); however, if you do not designate a beneficiary, the RSP designates a "default" beneficiary based on a priority list set forth in the plan document. To manage the administrative cost and complexity, the Trustees have shortened the list of default beneficiaries. The change applies for deaths occurring on or after January 1, 2026. The RSP also has been amended to address the unlikely event that no beneficiary is identified or claims the benefit.

Note – If you have completed the enrollment form to designate someone as your beneficiary this does not affect your designation. We strongly encourage you to review your beneficiary designation to ensure that your beneficiary is the person you choose.

The following paragraph below replaces the paragraph on page 31 of the SPD:

Designation of a Beneficiary

While you are working and when you apply to begin payment of your benefit, you will be asked to designate a beneficiary to receive payment of your Account in the event of your death. You should keep your beneficiary designation current at all times.

You designate a beneficiary by completing an enrollment form and submitting it to the Administrative Office. You may revoke your beneficiary designation at any time before your benefit payments begin by filing a new enrollment form with the Administrative Office.

As noted on page 22, if you are married, your spouse is automatically your beneficiary for 50% of your Account if you die before retirement. You choose the beneficiary for the remaining 50%.

If you are not married, your beneficiary may receive your entire Account. At retirement, you can designate a beneficiary for your entire Account. Your spouse must consent if you are married.

In addition to living persons, the Plan permits you to designate a trust as your beneficiary, provided that you cannot name a trust as a joint annuitant of an annuity – payments may be made in any other form of payment (e.g., lump sum). If you designate a trust as your beneficiary, you must complete an Addendum for Trust Beneficiary form to be filed along with your enrollment form.

Default Beneficiary. If you have not designated a beneficiary or beneficiaries or all your beneficiaries have died before you, the RSP will designate a beneficiary for your Account according to the following priority:

- Your surviving spouse; if none then
- Your child(ren) share and share alike; if none then
- Your parent(s) share and share alike (or the survivor of them); if none then
- Your estate.

In the case of a benefit payable to your estate, if there is no personal representative appointed through probate, an affidavit in accordance with the small estate procedure of your home state will be acceptable to the Fund.

If after a diligent search, the Administrative Office is unable to locate any of the individuals identified above, or it is determined none survived you and no claim is submitted by the personal representative of your estate or under the small estate procedures of your home state by December 31 of the calendar year following the year in which you died, your RSP Account will be forfeited and the funds transferred to the Plan Reserve Account to be applied to offset administrative costs.

Elimination of Catch-up Contributions Beginning January 1, 2026

The RSP allows you to save for your retirement by making voluntary pre-tax “401(k)” and/or after-tax contributions (collectively “Voluntary Employee Contributions”) if it is permitted under the terms of your employer’s collective bargaining or special agreement under which you participate in the RSP.

The RSP currently allows eligible participants who are 50 years old or more to maximize their savings by taking advantage of a special “catch-up” contribution rule in the federal tax law, which allows eligible 50+ year old participants to make additional contributions in excess of the legal limits for those not yet age 50. Due to a change in federal law that takes effect January 1, 2026 that creates added administrative complexity, the Trustees are eliminating catch-up contributions beginning on January 1, 2026 and for the foreseeable future.

This affects the following section on page 9, and replaces two rows in the table on page 10 of the SPD.

Page 9:

Contribution Limits

The Plan limits your Voluntary Employee Contributions to 50% of your compensation. Federal laws also provide contribution dollar limits.

Each year, voluntary pre-tax contributions to this Plan (any other plans) are subject to a dollar limit under federal tax law. In 2025, this limit is \$23,500. Also, total contributions to this Plan (plus any contributions to certain other defined contribution plans in which you might participate) cannot exceed the maximum annual contribution amount as defined in federal tax law. In 2025, this limit is \$69,000. These limits are indexed and expected to increase over time.

If you are 50 or older by the end of 2025, you are entitled to exceed the limits stated above by making “catch-up” contributions. In 2025, you may make an additional \$7,500 in pre-tax contributions– or if you are age 60-63, an additional \$11,250. However, the RSP will no longer allow catch-up contributions beginning January 1, 2026.

If your contributions exceeds the maximum annual contribution limit, your voluntary employee contributions will be refunded first. If necessary, your employer contributions (and any earnings on those contributions) also will be forfeited to meet the applicable total contributions limit. The maximum contribution limit does not apply to any rollover contributions you may make to the Plan.

If you exceed the pre-tax contribution limits the excess (and earnings on those contributions) will be refunded to you. Contributions made by participants who are considered “highly compensated employees” under federal law may be limited by nondiscrimination testing required by federal tax law. If so, the Plan may be required to refund contributions (and earnings on those contributions) to the highly compensated employees in order to comply with the law. You will be notified if this occurs.

Page 10:

CONTRASTING THE RULES APPLYING TO PRE-TAX AND AFTER-TAX CONTRIBUTIONS

	Pre-tax	After-tax

Federal Contribution Limits (2025*)	\$23,500; \$31,000 for age 50+ (up to \$34,750 for ages 60-63) taking account of “catch-up” contributions. Beginning in 2026, catch-up contributions are not permitted.	No specific dollar limit on after-tax, but total contributions to all defined contribution plans limited to \$69,000; \$76,500 for age 50+

Required minimum distribution start date	Depending on date of birth, April 1 following year in which you reach age 70½, 72, 73 or 75 (see details on p. 20)	

** These limits are indexed under federal law and increase most years.*

Required Minimum Distributions

Federal tax law requires that you begin payment of your RSP Account when you reach a certain age or retire – whichever occurs last. That target age has been changed in recent years by two laws passed by Congress. Your particular required beginning date is determined by your date of birth.

This affects three sections of the SPD on page 10 (shown above), sections on pages 20 and 26.

Page 20:

Distribution of Accounts

Regardless of whether or not you are still working, your payments must begin by your “required beginning date” which is April 1 of the calendar year following the year in which you reach the age noted below:

Born on or After:	And Before:	The required beginning date is April 1 of the calendar year following the year you reach age:
	July 1, 1949	70½
July 1, 1949	January 1, 1951	72
January 1, 1951	January 1, 1960	73
January 1, 1960	---	75

Page 26:

Minimum Required Distribution Option

Under the minimum required distribution option, you may elect to receive an annual distribution in any amount at least equal to the minimum required distribution for such calendar year, as determined in accordance with federal tax law:

Born on or After:	And Before:	The required beginning date is April 1 of the calendar year following the year you reach age:
	July 1, 1949	70½
July 1, 1949	January 1, 1951	72
January 1, 1951	January 1, 1960	73
January 1, 1960	---	75

This is called your “required beginning date.” Thereafter, you must take at least the minimum amount each year by December 31. (Because the law permits you to delay the first distribution

year's payment to April 1 of the following year, you would receive two "minimum distribution" payments in that first calendar year.)

You may elect in any given year to receive a larger installment or to receive the entire remaining account balance in a single lump sum.

Clarification of Lump Sum Distribution Rules

Generally, the RSP plan document anticipates that a participant will make a single application for payment from their account in a year. This is explicitly stated in the Partial Distribution option and is implied in the RSP's lump sum form of payment, which was adopted to provide participants with a total distribution of their Account at termination of participation in the Plan, and the remaining forms of payment (annuities and installments) which also provide a one-time election.

The Administrative Office reported that retirees who had previously taken a lump sum, but were subsequently working outside of Alaska and reciprocating contributions back to the RSP as their home fund, have sought multiple lump sum distributions in a single year – contrary to the intention of the plan document. To clarify that – like other forms of payment – only a single lump sum distribution is permitted in any given year, the plan document has been amended.

The paragraph on page 25 describing the lump sum form of payment has been updated as follows:

Lump Sum

Under the lump sum form of payment, your vested benefit is distributed in a single cash payment. No further payments will be made from the Plan. Occasionally investment earnings or contributions are posted after a Lump Sum is issued for periods worked before the termination or retirement date. This will result in a residual payment of these trailing amounts.

If you subsequently return to covered employment in Alaska or travel to a different jurisdiction and you reciprocate contributions to the RSP, you may request a lump sum if you have not previously received a lump sum distribution in that year. Only one lump sum is permitted in a calendar year.

Changes to Board of Trustees

Brea Schmidt is no longer a Management Trustee.

If you have any questions concerning this Notice, contact the Administrative Office at (907) 276-1246 or (800) 478-1246, or at 701 E. Tudor Road, Suite 200, Anchorage, AK 99503. Thank you.

Sincerely,

Laurie Butcher

Executive Plan Administrator