Teamsters Local 346 Savings & 401(k) Plan

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M E M O R A N D U M

TO: Teamster Local 346 Savings and 401(k) Plan Participants

FROM: Board of Trustees

DATE: July 2017

SUBJECT: Advantages of Keeping Your Money in the Teamsters Local 346 Savings and 401(k) Plan at Retirement

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We write to explain some of the advantages of keeping your money in the Teamsters Local 346 Savings and 401(k) Plan ("The Plan"), as you approach retirement and consider "what to do with the money in my account." Generally, the advantages of keeping your money in the Plan include realizing significantly lower costs (versus investing with a local retail broker) and ease in accessing your money while continuing to have access to professionally managed accounts.

Q. Is a Rollover to an IRA and investing my money with a local retail broker more expensive than keeping my money in the Plan?

A. Generally, costs charged by a retail IRA account are generally more than continuing to invest your money in the Plan. Keeping your money in the high quality investments available to you in the Plan allows you to take advantage of "institutionally priced" investments that are otherwise not generally available to you in an IRA. Consider the examples of the same mutual funds currently available to you in the Plan versus the cost of owning them in a retail/IRA account:

FUND	PLAN SHARE CLASS	PLAN ANNUAL OPERATING EXPENSE	RETAIL SHARE CLASS	RETAIL ANNUAL OPERATING EXPENSE
American Funds New Perspective	A	.77%	R-1	1.56%
Franklin Small Cap Value	Advisor	.88%	A	1.13%
American Funds Target Date Retirement 2025	A	.74%	R-1	1.53%

Additionally, IRAs are routinely sold through brokers who receive a commission on the sale of different investment products, sometimes adding up to as much as 5% of your assets. On a $10,000 account this could mean a fee paid to a broker of up to $500 up front.

Q. What distributions are available to me under the Plan?

A. The Plan is designed to be flexible to meet your needs at retirement. Upon retirement you can set up your account so that you automatically receive a monthly payment. You also have the option of a lump sum distribution of all your money or a partial lump sum distribution from your account in order to meet unexpected expenses or pay for large purchases. The Plan also has a rollover feature allowing you to roll your money to another tax qualified plan or IRA.

In addition, the plan allows you to withdraw a portion of your account at any time if you experience a "financial hardship" as defined by the IRS.

Q. What are some of the advantages and disadvantages of each distribution option at retirement?

A. When and how your money is distributed to you at retirement can have a significant cost or tax impact on you. In general, a tax qualified Plan like this is a more advantageous way to save your money for retirement because contributions are made on a pre-tax basis and the earnings on the investments in the Plan are not taxed. The Plan also has generally lower costs than a Retail/IRA arrangement because of its group purchasing power on behalf of hundreds of participants. Consider the following table:

Distribution Options at Retirement (Over Age 55)	Advantages	Disadvantages
Installment Distributions	• Allows you to keep your money in the Plan, taking advantage of low cost structure • Allows for the ability to take monthly income at retirement to meet long term financial budgeting needs	• The money remaining in your account is subject to a Minimum Required Distribution at age 70½ (although periodic installments will likely meet that minimum)
Partial Lump Sum Distributions	• Allows you to keep a portion of your money in the Plan, taking advantage of low cost structure • Allows for flexibility of different cash flow needs at different points in time due to unexpected expenses or large purchases.	• Can create a large tax bill as it raises your gross income (potentially putting you in a higher tax bracket) • May be detrimental for long-term financial planning as it does not take into account a recurring need for monthly income at retirement

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Lump Sum Distributions	• Access to all your money in one payment	• Can create a large tax bill as it raises your gross income (potentially putting you in a higher tax bracket) • May be detrimental for long-term financial planning as it does not take into account a recurring need for monthly income at retirement.
Rollover to IRA	• Consolidate different accounts into one retail account	• Typically more costly than a group retirement plan. • Limited or no access to low cost institutional investment options otherwise available in the Plan.

Q. I have heard about some pension plans reducing benefits and/or people losing a portion of their money. Is that true if I leave my money in the Plan and take installments or partial distributions?

A. No. In the rare case where that occurs, it happens in a defined benefit pension plan. This Plan is a defined contribution plan and the money you have deferred, or the money contributed on your behalf as part of the Collective Bargaining Agreement, **cannot be cutback or reduced once contributed**. It is held on your behalf in a separate custodial account and is not subject to creditors or forfeiture. It is subject to gains or losses associated with market conditions and how you invest your individual account.

Q. Who can I talk to for more information?

A. If you have any questions about your distribution options, please contact the Fund Office at 218-727-7929 or toll free at 1-800-570-1012.