Elevator Constructors Union Local No. 1 Annuity & 401(k) Fund
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To: Participants in Elevator Constructors Union Local No. 1 Annuity and 401(k) Plan

SUMMARY OF MATERIAL MODIFICATION

This notice describes a clarification of the Local No. 1 Annuity and 401(k) Plan Rules and Regulations regarding the distribution of Participant Annuity Accounts. The explanation contained in this notice does not apply to your 401(k) Account, if you have one. The Board of Trustees has clarified the Plan rules in the interest of all Plan Participants. Please read this notice carefully and if you have any questions, contact the Fund Office.

<u>For the remainder of the 2008 fiscal year</u>

Any applications for distribution of Individual Annuity Accounts postmarked or hand delivered to the Fund Office after October 14, 2008 will be valued based on the December 31, 2007 account value, plus any contributions received by the Fund Office between January 1 and the distribution date and a pro rata share of the 2008 Investment Yield and 2008 Administrative Expense. A Participant will receive an initial distribution of 80% of the value of his account as of December 31, 2007 plus any contributions received by the Fund Office between January 1, 2008 and the distribution date. The Fund Office will withhold 20% until the 2008 Investment Yield and Administrative Expense have been calculated. The Accounts will be credited with a pro rata share of the 2008 Investment Yield (positive or negative) and charged with a pro rata share of the 2008 Administrative Expense. After the 2008 Yield and Expense have been determined (around the middle of March 2009), the Participant will receive a supplemental distribution equal to the 20% withheld from the Account, plus or minus the pro rata share of the 2008 Yield and Administrative Expense. The pro rata share will be calculated by multiplying the full 2008 Yield and Expense by the number of days the full Annuity Account remained in the Fund during 2008 divided by 365.

Example

John Smith has an Annuity Account balance of $200,000. John's application for distribution is received at the Fund Office on October 31, 2008. John fulfills all the requirements for distribution and elects to receive a lump sum payment and roll over the payment to an IRA.

On December 1, 2008, the Fund Office issues John a check in the amount of $160,000 (80% x $200,000) and withholds $40,000. December 1 is the 336th day of 2008. John will share in 336/365 of the 2008 Yield and Administrative Expense.

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Assume the 2008 Yield is -6% and the Administrative Expense is $580. John's pro rata share of the yield is -5.52329% and his pro rata share of the Administrative Expense is $533.92. In March 2009, the Fund Office would issue John a supplemental distribution of $28,419.50 ($40,000 minus $11,046.58 pro-rated negative Yield for 2008 minus $533.92 pro-rated 2008 Administrative Expense.)

<u>For the fiscal year 2009 and thereafter</u>

- <u>Any application for distribution of Individual Annuity Accounts postmarked or hand delivered to the Fund Office prior to April 1</u> will be processed as follows: The distribution will be made based on the value of the Individual Annuity Account as of the prior December 31 (the prior Valuation Date), which would include 100% of the prior Year's Yield and Administrative Expense plus any contributions received by the Fund Office between January 1 and the distribution date. If the prior year's Yield and Administrative Expense have been determined as of the distribution date of the account, the Participant will receive 100% of his/her account balance as of the prior December 31. If the prior year's Yield and Expense have not been determined by the distribution date of the account, the Fund Office will issue an initial payment equal to 80% of the Account as of December 31 of the prior year plus any contributions received by the Fund Office between January 1 and the distribution date. The remaining 20% of the Account, adjusted for the prior year's Yield and Expense, will be paid after the prior year's Yield and Expense have been calculated.

- <u>Any application for distribution of Individual Annuity Accounts postmarked or hand delivered to the Fund Office on or after April 1</u> will be processed as follows: The distribution will be made based on the value of the Individual Annuity Account as of the prior December 31 (the prior Valuation Date), plus any contributions received by the Fund Office between January 1 and the distribution date, and a pro rata share of the current year's Investment Yield and Administrative Expense. A Participant will receive an initial distribution of 80% of his/her account as of December 31 of the prior year, which will include the prior year's Yield and Expense, plus any contributions received by the Fund Office between January 1 and the distribution date. The Fund Office will withhold 20% of the Account until the current year's Yield and Administrative Expenses have been calculated (around the middle of March of the next year). The Account will be credited with a pro rata share of the current year's Yield (positive or negative) and charged with a pro rata share of the current year's Administrative Expense. After the current year's Yield and Expense have been determined, the Participant will receive the 20% withheld from the Account, plus or minus the pro rata share of the Yield and the Administrative Expense. The pro rata share will be calculated by multiplying the current year's Yield and Expense by the number of days the full Account remained in the Fund during the year of distribution divided by 365.

  Example 1 – Application for Distribution is received by the Fund Office on March 16, 2009

  Bill Dunn has an Annuity Account balance of $435,000 as of December 31, 2008, which includes the 2008 Investment Yield and Administrative Expense. No contributions were made for Bill during 2009. Since Bill's application was received by the Fund Office prior to April 1, 2009, Bill is entitled to receive a distribution of 100% of his Account Balance of $435,000.

Example 2 – Application for Distribution received by the Fund Office on May 15, 2009

Bob Jones has an Annuity Account balance of $650,000 as of May 1, 2009 (December 31, 2008 value plus contributions made from January 1, 2009 to May 19, 2009). Bob's application for distribution is received by the Fund Office on May 15, 2009. Bob fulfills all the requirements for a distribution and elects to receive a lump sum payment and roll over the payment to an IRA.

On June 15, 2009, the Fund Office issues Bob a check in the amount of $520,000 ($650,000 x 80%) and withholds $130,000. June 15, 2009 is the 166th day of 2009. Bob will share in 166/365 of the 2009 Yield and Administrative Expense.

Assume the 2009 Yield is 6% and the Administrative Expense is $610. Bob's pro rata share of the Yield is 2.72877% and his pro rata share of the Administrative Expense is $277.42. In March 2010, Bob would receive a supplemental distribution of $147,459.59 ($130,000 plus $17,737.01 pro-rated Yield minus pro-rated $277.42 Expense).

You should note that the *examples* used in this notice do not include Annuity Accounts with outstanding loan balances. If have an outstanding loan(s), your Account will be reduced by the outstanding loan amount(s) prior to calculation of Investment Yield and the outstanding loan will be deducted from your Account prior to distribution.

If you have any questions regarding this notice, please call the Fund Office.