

**ELEVATOR CONSTRUCTORS  
ANNUITY AND 401(k) RETIREMENT PLAN**

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**IMPORTANT!  
Employer Notification of Plan's New Roth Feature**

**July 2023**

**To: All Contributing Employers to the Elevator Constructors Annuity and 401(k) Retirement Plan**

**From: Robert O. Betts, Jr., Executive Director for the Board of Trustees**

**Dear Employer,**

Beginning with weekly payroll periods beginning on or after July 1, 2023, the Trustees of the Elevator Constructors Annuity and 401(k) Retirement Plan have amended the Plan to permit Employees to begin making after-tax designated Roth contributions to the Plan. The Plan's rules and procedures for remitting Employees' after-tax designated Roth contributions ("After-Tax Roth Contributions") are the same as the rules and procedures for remitting Employees' pretax 401(k) deferrals ("Pretax 401(k) Deferrals").

The purpose of this announcement is to:

1. Advise you of the right of your Employees to begin making After-Tax Roth Contributions to the Plan.
2. Explain the procedures your Employees need to follow to elect to begin making After-Tax Roth Contributions to the Plan.
3. Explain the difference between Pretax 401(k) Deferrals and After-Tax Roth Contributions.
4. Remind you of the Plan's reporting and payment procedures for Pretax 401(k) Deferrals and After-Tax Roth Contributions.

**Your Employees covered by your Collective Bargaining Agreement with the IUEC (or your Participation Agreement with the Board of Trustees) can now elect to make After-Tax Roth Contributions to the Plan.**

Earlier this year, the Board of Trustees of the Elevator Constructors Annuity and 401(k) Retirement Plan ("Trustees") amended the Plan to permit Plan participants to expand their retirement savings options by allowing them to make After-Tax Roth Contributions to Designated Roth Accounts ("Roth Accounts"). Since the Trustees agreed to introduce this Roth feature, the Benefits Office has been working with the Plan's recordkeeper, Empower Retirement ("Empower"), to ensure that beginning July 1, 2023, the Benefits Office would be prepared to process participants' weekly After-Tax Roth Contributions and transfer them to Empower to be deposited in the participants' newly established Roth Accounts.

Under federal law, an employer that contributes to a retirement plan that offers its Employees a Pretax 401(k) Deferral option or an After-Tax Roth Contribution option is required to permit its Employees to exercise their rights under the plan to direct their employer to: (1) withhold and remit to the retirement plan a portion of their pretax wages as Pretax 401(k) Deferrals, and (2) withhold and remit to the retirement plan a portion of their after-tax wages as After-Tax Roth Contributions.

Accordingly, as soon as reasonably possible you should: (1) allow your Employees to elect to make After-Tax Roth Contributions to the Plan, and (2) modify your payroll procedures so that with respect to any Employee who elects to make After-Tax Roth Contributions to the Plan, your company can timely withhold from that Employee's weekly wages and remit to the Benefits Office the Employee's After-Tax Roth Contributions in the same manner and at the same time as your company currently remits Employee Pretax 401(k) Deferrals to the Benefits Office.

## Procedures your Employees must follow to elect to make After-Tax Roth Contributions to the Plan.

To elect to make weekly After-Tax Roth Contributions of a portion of their weekly wages to the Plan, your Employees who participate in the Plan must:

1. In most cases (See IMPORTANT NOTE below), complete and sign the Plan's NEW **Pretax 401(k) and After-tax Roth Contribution Enrollment/Deferral Change Form**. A copy of the **Pretax 401(k) and After-tax Roth Contribution Enrollment/Deferral Change Form** is enclosed with this announcement. This new form can also be downloaded from the NEI Benefit Plan's website at <https://neibenefits.org/resources/forms/>.
2. Submit their completed **Pretax 401(k) and After-tax Roth Contribution Enrollment/Deferral Change Forms** to your company following the same procedures you currently have in place for Employees who wish to begin making Pretax 401(k) Deferrals.

### IMPORTANT NOTE

The Trustees recognize that a small number of the Plan's contributing employers have well-established procedures for how their Employees elect to make Pretax 401(k) Deferrals. The Trustees also understand that because Employee Pretax 401(k) Deferrals and After-Tax Roth Contributions are deducted from wages, Employees' elections to make Pretax 401(k) Deferrals and/or After-Tax Roth Contributions are often integrated into the employer's established payroll procedures.

Therefore, provided an employer's established payroll procedures will permit Plan participants to easily elect to make Pretax 401(k) Deferrals and After-Tax Roth Contributions and allow for the timely and accurate remittance of Pretax 401(k) Deferrals and After-Tax Roth Contributions to the Benefits Office, the Trustees will not compel this small number employers to use the Plan's **Pretax 401(k) and After-tax Roth Contribution Enrollment/Deferral Change Form**.

Moreover, Plan participants have been advised that if they work for a contributing employer that has its own Pretax 401(k) Deferral and After-Tax Roth Contribution election procedures, they must follow their employer's procedures.

You should note that the Plan has advised all Plan participants that if they are currently making Pretax 401(k) Deferrals to the Plan and want to begin making After-Tax Roth Contributions to the Plan, they must complete a new **Pretax 401(k) and After-tax Roth Contribution Enrollment/Deferral Change Forms** to:

- **start** making After-Tax Roth Contributions, *and*
- **continue** making 401(k) deferrals at their current deferral rate, *or*
- **change** their Pretax 401(k) deferral rate, *or*
- **stop** making 401(k) deferrals, *or*
- **begin** making Catch-Up Contributions to the Plan.

In short, your Employees must begin using the new **Pretax 401(k) and After-tax Roth Contribution Enrollment/Deferral Change Forms** to begin, change, or stop making Pretax 401(k) Deferrals and/or After-Tax Roth Contributions, or if they wish to begin making Catch-Up Contributions to the Plan.

In addition, the Plan has advised all Plan participants that soon after they submit a completed **Pretax 401(k) and After-tax Roth Contribution Enrollment/Deferral Change Forms** to their employers indicating that they wish to have After-Tax Roth Contributions remitted to the Plan (or elect to make After-Tax Roth Contributions to the Plan using their employer's own procedures), their employer will begin withholding After-Tax Roth Contributions from their pay and remitting them to the Benefits Office where their After-Tax Roth Contributions will be processed and transferred to Empower in the same manner as Pretax 401(k) Deferrals.

## Understanding the difference between Pretax 401(k) Deferrals and After-Tax Roth Contributions.

The chart below outlines the differences between Pretax 401(k) Deferrals and After-Tax Roth Contributions.

## Traditional 401(k) Elective Deferrals vs. Designated Roth Contributions

	Traditional 401(k) Elective Deferrals	Designated Roth Contributions
<b>Participant invests . . .</b>	Pretax dollars	After-tax dollars
<b>Participant's investment grows . . .</b>	Tax deferred	Tax deferred
<b>Income limitations?</b>	No income limitations	No income limitations
<b>Tax treatment of distributions?</b>	Participants' Pretax 401(k) Deferrals and earnings on these deferrals are subject to federal and most state income taxes.	Distributions of After-Tax Roth Contributions and earnings are <b>not</b> taxed provided they are <b>Qualified Distributions</b> <sup>1</sup> That is, the participant's Roth Account is held for at least 5 years and made: <ul style="list-style-type: none"> <li>▪ after age 59½, or</li> <li>▪ upon death, or</li> <li>▪ upon disability.</li> </ul>
<b>IRS Annual Deferral limit</b>	In 2023, <i>aggregate</i> * contributions limited to \$22,500 (plus an additional Catch-Up <i>aggregate</i> * limit of \$7,500 for Participants age 50 or over in 2023) <sup>2</sup>	Same <i>aggregate</i> * limit as traditional Pretax 401(k) Deferrals.
<b>Rollover treatment. . .</b>	May be rolled over into an IRA or other employer plan that accepts rollovers.	Must be rolled over into a Roth IRA or a designated Roth account of another employer plan that accepts Roth rollovers.
<b>Required distributions</b>	Distributions must begin no later than age 73 unless the Participant is still working and not a 5% owner.	Same required distribution rule as traditional Pretax 401(k) Deferrals. However, if a Participant rolls his or her Designated Roth Account into a Roth IRA, there is no requirement to start taking distributions from the Roth IRA while the participant is alive.

\*Participants can split their annual elective deferrals between traditional Pretax 401(k) Deferrals and After-Tax Roth Contributions, but a participant's combined contributions cannot exceed the annual contribution limit: In 2023, \$22,500 (\$30,000 if the participant's eligible for catch-up contributions).

<sup>1</sup>Earnings on After-Tax Roth Contributions will be taxed unless the distribution from the participant's Roth Account is a Qualified Distribution.

<sup>2</sup>Effective January 1, 2024, federal law requires that catch-up contributions made by participants whose wages for the preceding calendar year exceed \$145,000, as annually adjusted for inflation, be After-Tax Roth contributions. Catch-up contributions made by participants whose wages for the preceding calendar year are \$145,000 or less, may be either Pretax 401(k) Deferrals or After-Tax Roth Contributions.

### Update on the Plan's reporting and payment procedures for Pretax 401(k) Deferrals and After-Tax Roth Contributions

In the coming weeks, the Benefits Office will be posting updated **Employer Guidelines for Participating in the National Elevator Industry Benefit Plans**. As you know, the Employer Guidelines set forth the rules and regulations on reporting and remitting contributions to the National Elevator Industry Benefit Plans including the Elevator Constructors Annuity and 401(k) Retirement Plan. The updated Employer Guidelines include new rules and regulations governing the remittance and reporting of weekly After-Tax Roth Contributions. The updated Employer Guidelines' reporting and payment procedures for weekly Pretax 401(k) Deferrals and After-Tax Roth Contributions are set forth below.

#### Reporting and Payment Procedures for 401(k) Deferrals and Roth Contributions to the Annuity 401(k) Plan.

##### (1) *Reporting by Mail.*

An Employer that conducts remittance reporting by mail will receive a Weekly Report Form for Employee Pretax 401(k) Deferrals ("Weekly Report Form: 401(k) Deferrals" (copy attached)) and a separate Weekly Report Form for Employee After-Tax Roth Contributions ("Weekly Report Form: Roth Contributions" (copy attached)).

An Employer's Weekly Report Form: 401(k) Deferrals requires the Employer to provide, with respect to each Employee who elects to make 401(k) Deferrals, the Employee's name, Social Security Number, deferral type, deferral rate, and amount of 401(k) Deferrals for the period reported and pay date. Similarly, an Employer's Weekly Report Form: Roth Contributions requires the Employer to provide, with respect to each Employee who elects to make Roth Contributions, the Employee's name, Social Security Number, deferral type, deferral rate, and amount of Roth Contributions for the period reported and pay date. The back of each of these Weekly Report Forms has complete reporting instructions.

(2) *Electronic Reporting.*

The records of the NEI Benefit Plans are maintained on a computer system which is compatible with many automated payroll systems. Employers that utilize an automated payroll system can supply the information required by the NEI Benefit Plans electronically through the NEI Benefit Plans' Employer Online Contributions Portal ("Employer Portal"). The Employer Electronic Reporting Specification Form can be supplied by the Benefits Office upon request or can be downloaded from the Employers section of our website ([www.neibenefits.org](http://www.neibenefits.org)). Each week, Employers are required to file timely with the Benefits Office all of the information contained in the Weekly Report Form: 401(k) Deferrals and Weekly Report Form: Roth Contributions regardless of the format of the Employer's report.

If an Employer currently reports to the Benefits Office electronically, the Benefits Office will provide the Employer with the electronic reporting specifications for 401(k) Deferral and Roth Contribution reporting (*i.e.*, current 401(k) Deferrals, Roth Contributions, earnings and vacation earnings information).

An Employer that reports to the Benefits Office electronically, but does not report through the Employer Portal, may provide compensation information with respect to each Employee who makes 401(k) Deferrals and/or Roth Contributions on a weekly basis.

- (3) An Employer's Weekly Report Form: 401(k) Deferrals and Weekly Report Form: Roth Contributions (collectively, "Weekly Report Forms") (or, for Employer's reporting electronically, weekly electronic reports) must be **received** by the Benefits Office no later than 7 calendar days following the day in which the Employer deducted the amounts of the 401(k) Deferrals and/or Roth Contributions from an Employee's pay. If the 7<sup>th</sup> day falls on a federal holiday or weekend, the Weekly Report Forms (or weekly electronic reports) are due the next business day. Once an Employee of an Employer makes an elective 401(k) Deferral to the Annuity 401(k) Plan, the Employer must submit a Weekly Report Form: 401(k) Deferrals every week thereafter, and once an Employee of an Employer makes an elective Roth Contribution to the Annuity 401(k) Plan, the Employer must begin submitting a Weekly Report Form: Roth Contributions.

Weekly Report Forms must be submitted even if the Employer did not employ any Employees that particular week; in which case, the Employer should enter "zero" in the "Amount of 401(K) Deferral" column of the Weekly Report Form: 401(k) Deferrals and "zero" in the "Amount of Emp RothK Contribution" column of the Weekly Report Form: Roth Contributions and return the Weekly Report Forms to the Benefits Office by the date the reports are due. Otherwise, the Employer's record will show a delinquency.

- (4) An Employer must include on its Weekly Report Forms only those 401(k) Deferrals and/or Roth Contributions deducted from the Employee's pay during the reporting period. An Employer must not combine 401(k) Deferrals or Roth Contributions deducted from different reporting periods with those reportable during the present reporting period. 401(k) Deferrals and/or Roth Contributions deducted from an Employee's pay during prior reporting periods which were inadvertently omitted from the Weekly Report Forms covering those periods and any other correction or comment relating to Weekly Report Forms of 401(k) Deferrals or Roth Contributions which have already been filed with the Benefits Office, should be noted by separate letter (and the total 401(k) Deferral and/or Roth Contribution payment made, if applicable) to the Benefits Office. An Employer's letter should state the basis for the claimed adjustment to a prior Weekly Report Form. An Employer must not attempt a correction by adjusting (or "netting out") a subsequent report of 401(k) Deferrals or Roth Contributions. Any adjustments may only be made by the Benefits Office. Failure to follow this procedure may result in an Employer being considered delinquent for the week for which it attempted to make an adjustment.
- (5) Corrections to a Social Security Number or Local Union number can be made directly on the Weekly Report Forms or on a separate sheet of paper attached to the applicable Weekly Report Form.

- (6) Employers must not interline the names of Employees. If an Employee for whom 401(k) Deferrals are due is not listed on the pre-printed Weekly Report Form: 401(k) Deferrals (or if an Employee for whom Roth Contributions are due is not listed on a preprinted Weekly Report Form: Roth Contributions), an Employer should insert the Employee's name and other applicable information on the first blank line on the applicable form. If a Weekly Report Form is full, then the Employer should submit the information on a separate sheet of paper. The Employee names the Employer adds on the Weekly Report Form: 401(k) Deferrals (or Weekly Report Form: Roth Contributions) will be pre-printed on future reports.
- (7) The specific beginning and ending dates covering the reporting period must be entered on the Weekly Report Forms. Each Weekly Report Form is intended to cover a one-week period.
- (8) For purposes of determining timely payment of 401(k) Deferrals and Roth Contributions, the "Pay Date" on the Weekly Report Forms represents the date the Employer paid its Employees for the weekly payroll periods reported.
- (9) Generally, Employees have the option to make 401(k) Deferrals and/or Roth Contributions in flat dollar amounts or as percentages of compensation as documented on the Employee's Pretax 401(k) and After-Tax Roth Contribution Enrollment/Deferral Change Form. Employees, if eligible, also have the ability to make "Catch Up" contributions, either through a separate election or by having the Catch Up contribution automatically commence when the Employee has reached the otherwise applicable deferral limit. For Employers that do not have a pre-approved deferral agreement form for the Annuity 401(k) Plan, the Annuity 401(k) Plan's standard "Pretax 401(k) and After-Tax Roth Contribution Enrollment/Deferral Change Form" must be used. Blank forms are available and can be downloaded from the "Forms" page of our website ([www.neibenefits.org/resources/forms/](http://www.neibenefits.org/resources/forms/)).
- (10) (a) Pretax 401(k) Deferrals for each Employee, for the period covered by the Weekly Report Form: 401(k) Deferral are to be entered in the "Amount of Employee 401(K) Deduction" column.
- (b) After-tax Roth Contributions for each Employee, for the period covered by the Weekly Report Form: Roth Contributions, are to be entered in the "Amount of Emp Roth(K) Deduction" column.
- (11) The Weekly Report Forms must be dated and signed by a duly authorized person. The signer's title, telephone number and email address must also be noted. By signing the Weekly Report Forms, the authorized signer is certifying the following:
- (a) the Employer is confirming that the remitted contributions are for Employees eligible to participate in the Annuity 401(k) Plan.
- (b) the Employer is aware that any false information reported on the Weekly Report Forms may subject the Employer and the authorized signer to federal criminal prosecution.
- Employers reporting electronically through the Employer Portal will need to sign an Employer Certification Form during the implementation and testing period certifying the above.
- (12) An Employer's Weekly Report Forms should be addressed and sent to 19 Campus Blvd., Suite 200, Newtown Square, PA 19073-3288.
- (13) An Employer that conducts remittance reporting by mail will also receive a weekly "Remittance Advice: Pretax 401(k) Deferrals" form (copy attached) and a separate weekly "Remittance Advice: After-Tax Roth Contributions" form (copy attached). The Remittance Advice: Pretax 401(k) Deferrals form requires the Employer to identify every Local Union in whose jurisdiction Employees work and to report the total 401(k) Deferrals on behalf of Employees in each such Local Union as well as the total amount due in 401(k) Deferrals. Similarly, the Remittance Advice: After-Tax Roth Contributions form requires the Employer to identify every Local Union in whose jurisdiction Employees work and to report the total Roth Contributions on behalf of Employees in each such Local Union as well as the total amount due in Roth Contributions.
- (14) Employers shall make a weekly payment for total 401(k) Deferrals and a **separate** weekly payment for total Roth Contributions (either by check, wire, ACH or EDI). If the Employer's payments are by check, the checks will be payable to "Elevator Constructors Annuity and 401(k) Retirement Plan." And the checks, along with the Employer's Remittance Advice: 401(k) Deferrals form and Remittance Advice: Roth Contributions form, should be mailed to 19 Campus Blvd., Suite 200, Newtown Square, PA 19073-3288.

(15) 401(k) Deferrals and Roth Contributions remittances are to be received by the Benefits Office as soon as the 401(k) Deferrals and Roth Contributions can be reasonably segregated from the Employer's assets, but 401(k) Deferrals and Roth Contributions must be received by the Benefits Office no later than 7 calendar days following the day in which the amounts were deducted from an Employee's pay.

(16) Electronic payment information for 401(k) Deferrals and Roth Contributions to the Annuity 401(k) Plan is as follows:

ACH or EDI ROUTING NUMBER & NAME: 121000248 Wells Fargo NA

FED WIRE ROUTING NUMBER & NAME: 121000248 Wells Fargo NA

PAYEE: NEI Benefit Plans a/c# 2000001682784

PAYOR: Employer's Name, City & State

SPECIFICATIONS: Wire Amount and breakdown by Local Union Numbers, if applicable.

If you have questions regarding the implementation of the Elevator Constructors Annuity and 401(k) Retirement Plan's new Roth feature please contact the Annuity and 401(k) Department at 800-523-4702 extension 4699.

Sincerely,

Robert O. Betts, Jr.

Enclosures:      - Pretax 401(k) and After-tax Roth Contribution Enrollment/Deferral Change Form  
                      - Weekly Report Form: 401(k) Deferrals  
                      - Weekly Report Form: Roth Contributions  
                      - Remittance Advice: Pretax 401(k) Deferrals  
                      - Remittance Advice: After-Tax Roth Contributions