

Sprinkler Industry Supplemental Pension Fund

8000 CORPORATE DRIVE • LANDOVER, MARYLAND 20785

TELEPHONE
(301) 577-1700

TOLL FREE
(800) 638-2603

January 15, 2010

To: All Participants in the Sprinkler Industry Supplemental Pension Plan (“SIS Pension Plan”)

From: The Board of Trustees

As of January 1, 1999, the Trustees of the SIS Pension Plan adopted a prospective change to the Plan that, among other things, has allowed the Trustees to be somewhat more flexible in the distribution rules of the SIS Pension Plan for that part of the Plan assets contributed on and after January 1, 1999. Using this added flexibility, last January, a rule was added to the SIS Pension Plan that allowed for distributions from the plan to those who were facing foreclosure or eviction from their home. As of this writing, more than 1,000 distributions have been made under that rule.

At the time of the implementation of that rule, it was hoped that the economic downturn would be brief. Unfortunately, unemployment remains high and economic difficulties appear not to be at an end. Many have benefited from the added flexibility of the January 2009 hardship rule. However, many others faced financial hardships that did not meet the narrow requirements of that rule which were imposed on the Plan by the Internal Revenue Code. Many still face financial hardships related to the current economic troubles. With this in mind, The Board of Trustees announce that the SIS Pension Plan of benefits has been amended to permit distributions, this year and next year, more broadly than has ever before been permitted. This rule affects only that portion of a participant’s SIS Pension Fund account that is attributable to contributions (and investment income on contributions) made for work on and after January 1, 1999. Under the Internal Revenue Code, distributions from the SIS Pension Plan before the 1999 change are never permitted before the participant separates from covered employment.

Temporary Rule Allowing Distributions during the Economic Downturn

Effective February 1, 2010, participants with the consent of their spouses, if applicable, may apply for and receive distributions from the SIS Pension Plan. Application under this rule must be made before December 31, 2011. Distributions under this rule will be made only as a lump sum and are limited to no more than one such distribution in any 180 day period. Additionally, the amount available for distribution is limited as follows:

For individuals whose first contribution to the SIS Pension Plan was five or more years before the date of their application, they may apply for no more than 75% of their individual account value as of February 1, 2010 that was attributable to

contributions for work after 1998.

For individuals whose first contribution to the SIS Pension Plan was less than five years before the date of their application, they may apply for no more than 75% of their individual account value as of February 1, 2010 that was attributable to contributions made more than 24 months before the date of the application.

For everyone, the amount that can be paid out during the entire period this benefit is available is limited to an amount that is 75% of the Participant's Individual Account available for distribution under this rule as of February 1, 2010.

Applying participants will be charged \$100 for each distribution in order to defray the costs of processing applications under this rule. The charge will be paid by reducing each distribution by \$100.

Money you receive under this rule will be taxable under the Internal Revenue Code and a 10% federal tax penalty will apply to distributions under this provision of the SIS Pension Plan for anyone under the age of 59 ½. You should also be aware that 20% of the distribution made to you will be withheld and submitted to the IRS as federal income tax withholding. The amount of tax actually owed may be greater than the amount withheld. Of course there will continue to be no tax penalty on distributions before the age of 59 ½ made under the Retirement provision of the SIS Pension Plan.

If you need to consider a distribution from your SIS Pension Fund account, you can contact the Fund Office at the above address or phone numbers. You will be sent an application for this benefit. In addition, an application for this benefit will be available on the SIS Pension Fund page of the www.nasifund.org website.

The Trustees encourage you to avoid withdrawing money from your SIS Pension Fund account before retirement. Nevertheless, they understand that sometimes, the immediate need is so great as to make an early distribution necessary.

Sprinkler Industry Supplemental Pension Fund

8000 CORPORATE DRIVE • LANDOVER, MARYLAND 20785

TELEPHONE
(301) 577-1700

TOLL FREE
(800) 638-2603

APPLICATION FOR LUMP SUM DISTRIBUTION Economic Downturn Only

(If you qualify for a retirement, disability, separation or hardship benefit, you should contact the fund office as more advantageous distributions may be available.)

Name _____ S.S. No. _____
Address _____ Local _____
Date of Birth _____
Phone No. () - Cell Phone No. () - Email
Address _____

I. **AMOUNT OF WITHDRAWAL** _____
(Amount must not exceed 75% of the amount of your account attributable to contributions made after 1998)

II. **FORM OF PAYMENT**

[] **Lump Sum paid directly to me. I understand the SIS Pension Fund will withhold 20% of my Lump Sum payment against any Federal Income Tax I may owe.**

OR

[] **Lump Sum paid directly to the following trustee of my individual retirement arrangement**

Name and address of IRA _____

(You must include transfer papers from your individual retirement arrangement)

- A. You and your spouse, if any, must sign and date this form.
- B. If you are married, you and your spouse must complete the attached Spousal Consent in the presence of a Notary Public. If you are not married, you must instead submit the statement by unmarried participants.

I hereby apply for an Economic Downturn distribution from the SIS Pension Plan and consent to the payment of the amount I have requested in a lump sum. I understand that if I am married, it means that no pension benefits will be paid to my spouse under the SIS Pension Plan after my death based on this distributed amount. I understand that this Distribution is taxable and is also subject to a 10% early distribution tax penalty. I understand that my distribution will be reduced by \$100 to help offset the cost of processing this benefit.

Signature of Member _____ Date _____

Signature of Spouse _____ Date _____

SPRINKLER INDUSTRY SUPPLEMENTAL PENSION FUND

Spousal Consent For Economic Downturn Distribution

I, _____ (Name of Spouse), being duly sworn, state that I am the spouse of the Participant described in the Application for Lump Sum Distribution – Economic Downturn, which accompanies this form. I have been informed that my spouse now has approximately \$_____ credited to his/her Accumulated Share in the Sprinkler Industry Supplemental Pension Fund. I have been informed that my spouse has applied for an Economic Downturn Distribution in the amount of \$_____ from the Sprinkler Industry Supplemental Pension Fund.

I HEREBY CONSENT to my spouse's application for an Economic Downturn Distribution in the amount stated above which, if approved by the Fund's Board of Trustees, will be distributed directly to him/her or to his IRA by the Sprinkler Industry Supplemental Pension Fund in the form of a single lump sum. My consent is willingly made with the understanding that this Economic Downturn Distribution will be made in a form other than a 50% Husband and Wife Pension and will reduce or entirely eliminate the amount of benefits to which I could someday be entitled from the Sprinkler Industry Supplemental Pension Fund.

Spouse's Signature _____

Date _____

State of _____)

County of _____)

§§:

On the ____ day of _____, 20____, before me came

_____ to me known and known to me to be the person

described in and who executed the foregoing statement and (s)he duly acknowledged to me that (s)he executed the same.

Notary Public or Plan Representative

