

# **SAN DIEGO ELECTRICAL ANNUITY PLAN**

## Summary Plan Description

January, 2013

## TO ALL PARTICIPATING EMPLOYEES

The San Diego Electrical Annuity Plan has been developed by representatives of the International Brotherhood of Electrical Workers, Local Union No. 569 (hereinafter referred to as the “Union”) and the San Diego Chapter of the National Electrical Contractors Association to assist you in providing for your financial security in retirement. In 2009, the Board of Trustees extended that voluntary wage deferral plan to allow the members of IBEW Local 47 and IBEW Local 1245 to participate as well. This booklet contains a brief explanation of the most important provisions of the San Diego Electrical Annuity Plan. It is not possible to cover all of the Plan’s provisions in this booklet. Your rights as a participant in the Plan can only be determined by consulting the Plan document, which may be amended from time to time. This booklet is not intended to change or supersede the Plan documents, which are available for your review at the Administrative Office. We urge you to read this plan description carefully and to refer to it from time to time so that you will be fully aware of your rights and benefits. If you have any questions, you should call the administrative office, Coast Benefits at (619) 280-2009 or (800) 886-7559.

Sincerely,

The Board of Trustees  
San Diego Electrical Annuity Plan

## SUMMARY PLAN DESCRIPTION

### Name of Plan

Your Plan is known as the San Diego Electrical Annuity Plan.

### Type of Plan

This Plan is a defined contribution individual account retirement plan, qualified under Section 401(a) and 401(k) of the Internal Revenue Code.

### Description of Plan

The Plan is an individual account defined contribution retirement plan which allows you to make voluntary employee contributions through pre-tax wage deferrals or voluntary after-tax contributions. Certain participants such as participants working outside of San Diego and non-bargaining employees are also permitted to remit employer contributions to the Plan. This Plan is a 401(k) plan and as such no current federal or state income tax is payable on your deferred wages that are contributed to the Plan. You can elect to reduce your wages by a certain amount, have that amount put into the Plan, and then pay federal and state income tax on those amounts only when you receive them by way of a distribution. This has the immediate effect of increasing the amount you can save for retirement as compared to saving with after-tax dollars. The following chart illustrates the advantages of making deposits into the Plan (saving on a tax-deferred basis) rather than saving for investment on an after-tax basis:

#### ASSUMPTIONS:

Wages: \$20/hour, 1500 hours/year

Federal and California State income taxes based upon married with 3 exemptions

Objective - To save 10% of wages per year

	<b>Savings Account</b>	<b>401(k) Plan</b>
Gross Income (Reported to IRS)	\$30,000	\$27,000
Federal Income Tax	(2,445)	(1,995)
State Income Tax (CA)	(160)	(99)
FICA	(2,295)	(2,295)
Net Wages	\$25,100	\$22,611
Regular Savings Deposit	(3,000)	<u>-0-</u>
Spendable Income	\$22,100	\$22,611

In this example, net take-home pay (after paying taxes and after saving \$3,000) is \$511 greater when the savings are deposited in the 401(k) plan rather than an after-tax savings program.

Another big advantage of this Plan is that all the money you contribute to your account earns interest or other investment gains tax free while in the Plan. You pay taxes on this money only when you take distribution. Distributions are available to you upon retirement, death, disability, or termination of employment. Loans and hardship withdrawals are also available.

### **Eligibility to Participate**

You are eligible to participate because your employer is subject to a collective bargaining agreement or non-bargaining participation agreement that permits wage reduction contributions to this Plan or provides for employer contributions to the Plan.

You are also eligible to participate if you are working under another IBEW's collective bargaining agreement outside of the jurisdiction of IBEW Local 569 and have elected to remit your pension contributions to the San Diego Electrical Pension Trust via reciprocity if the contributions received are in excess of the hourly Journeymen Wiremen's contribution rate under the IBEW Local 569 Inside Agreement. The excess contributions are automatically contributed to the San Diego Electrical Annuity Plan.

You can enroll at any time by sending an enrollment form to Coast Benefits, the Plan's administrative office at 3444 Camino del Rio North, Suite 100, San Diego, California 92108.

Certain employees who work in non-bargaining positions are also eligible to participate in the Plan in accordance with the terms of the Employer's Non-Bargaining Participation Agreement.

The contributions on your behalf are based on your elective salary reduction or excess pension contribution, with the amount of your monthly contribution/reduction being forwarded each month to the Trust Fund. Under the terms of the collective bargaining agreement, your employer is bound to transmit the amount of our contributions to the Trust Fund by the 15<sup>th</sup> day of the month following the month in which you performed the work for which contributions are due.

You may stop your voluntary contributions into the Plan at any time. A revocation will be effective as soon as it can be processed by the administrative office. ***You cannot withdraw funds at that time unless you also satisfy one of the Eligibility for Benefits rules.***

Effective January 1, 2002, rollovers into the Plan from IRA's are permitted in addition to rollovers from 401(k) plans and other qualified plans.

## **Source of Contributions**

Your benefits from the Plan come from any wage deferral contributions you make plus any investment earnings, minus any investment losses and additions through rollovers of other qualified deferred compensation amounts and transfers of excess reciprocity payments or other negotiated employer contributions. Your employer will transfer your wage deferral contributions to the Plan if it has agreed to make such contributions under your collective bargaining agreement or the National Reciprocity Agreement.

## **Voluntary After-Tax Contributions.**

You are also permitted to make additional after-tax contributions as a fixed percentage of salary via payroll deduction. After-tax contributions are not treated as voluntary contributions and are therefore included in the employee's income. These contributions will be placed in a separate After-Tax Savings Account, are 100% vested at all times, and may be withdrawn at any time.

## **Amount of Benefits**

The amount of your benefits, at any time, is the balance in your individual account. The amount is equal to the total of all wage deferral contributions plus any investment earnings credited as of the last valuation date to the account less any investment losses and administrative expenses charged to the account. You can contribute up to 100% of your wages, in whole percentages, up to a maximum of \$17,500 per year in 2013. This dollar amount is adjusted periodically by the IRS for cost-of-living increases. The following is a schedule of maximum allowed voluntary contribution limits:

<b>Year</b>	<b>Amount</b>
2012	\$17,000
2013	\$17,500

Dollar limits for all annual contributions for 2013 is the lesser of \$51,000 or 100% of pay.

Participants age 50 and over will be allowed to make annual "catch up" contributions of \$5,500 in 2012 and 2013. If you intend to take advantage of this "catch up" provision, contact the administrator to coordinate the contribution through your employer's payroll office.

The above limits are adjusted for cost of living increases by the Internal Revenue Service.

Your right to your benefits from your wage deferral contributions and employer contributions is 100% vested and cannot be lost or forfeited.

## **Forms of Benefits**

You may receive your benefits in the form of a total or partial lump sum payment. Each partial payment shall require a separate application for benefits. Your account balance may be rolled over, tax-free, to an IRA, Roth IRA or another tax qualified plan of your current employer (if acceptable to that plan). Payment of benefits will not be made in the form of a monthly or life annuity.

## **Eligibility for Benefits**

You will be eligible for a distribution of benefits when you satisfy one of the following conditions:

- a. You have retired from work in the electrical industry and have attained the early retirement age of 55.
- b. You attain age 59½. You do not need to terminate covered employment to receive a distribution of benefits at age 59½.
- c. You attain normal retirement age of 65. You do not need to terminate covered employment to receive a distribution of benefits at age 65.
- d. You terminate employment for any reason (including disability, layoff, etc.) with any employer maintaining this Plan prior to age 55. Your contributions and investment earnings are available for distribution following termination of employment **and** receipt of an application for benefits, but may be subject to taxes and early withdrawal penalties unless rolled over to an IRA, Roth IRA or qualified plan.
- e. You are disabled.

A written application for benefits is required to be completed and submitted to the administrative office before any benefits are payable under this Plan. Distributions will result in a taxable consequence to the Participant in the year of the distribution, unless the distribution is rolled over into an IRA, Roth IRA or tax-qualified plan. Additionally, distributions prior to early retirement age will result in a 10% penalty, unless an exception to the penalty rules apply. You should consult your tax advisor regarding the tax consequences of your distributions.

## **Hardship Withdrawals**

The Plan permits the withdrawal of up to 50% of voluntary deferral contributions made to an individual account upon satisfactory completion of an application for a hardship distribution for the following reasons:

- a. Extraordinary medical expenses;
- b. Payment of tuition and related post-secondary education expenses for a Participant or his/her dependents;
- c. Prevention of eviction or foreclosure on a primary residence;
- d. The purchase of a home (primary residence) for the Participant;
- e. Funeral expenses for the Participant's dependents or parents; or
- f. Expenses incurred for the repair of damage to the Participant's principal residence if the repairs would qualify as a deductible casualty expense.

A hardship withdrawal will only be permitted if you have exhausted the other options for a distribution, including the loan provisions and are unable to qualify for another distribution or loan. A distribution made on account of hardship will be taxable to the Participant and subject to the 10% penalty tax if you have not retired under the Plan.

If you take a hardship withdrawal, you will not be able to make voluntary contributions to the Plan for a six(6) month period after the withdrawal. Hardship withdrawals may not be rolled over into an IRA or other qualified retirement plan.

### **Payment of Benefits**

Generally, benefit payments will be made as soon as possible after a Participant has qualified for a distribution under the Plan and has submitted an application. The amount of the benefits will be based on the immediately preceding quarterly valuation of the account, plus contributions received after that valuation date. You may rollover your distribution from this Plan to an IRA or other qualified pension plan.

### **Loans**

The Plan permits a Participant to borrow money from his individual account. Loans can be taken from the plan for any reason. The minimum loan amount is \$1,000.00 and the maximum loan amount is the lesser of  $\frac{1}{2}$  of the balance of your account as of the last valuation date or \$50,000.00 at an interest rate of prime rate plus 1% (determined and fixed at the time the loan is taken).

Repayment shall be monthly over a period of not more than 5 years, unless the loan is being used for the purchase of a home. Any payments above the minimum required by the repayment agreement shall be applied to reduce the principle amount outstanding. Termination of the

Participant's employment shall not affect the participant's repayment requirements, however loans must be repaid upon retirement or upon a request for a withdrawal.

Only one loan may be outstanding for each participant at any time. Failure to repay a loan will be considered a distribution and result in a taxable consequence to the Participant, as well as a 10% penalty tax. You will receive an IRS Form 1099 for the outstanding amount due under the loan in the year in which the distribution occurred. The penalty tax does not apply if the Participant is retired under the Plan.

The fee for a loan is \$25.00.

### **Valuation of Accounts**

Valuations of accounts are performed based on contributions and investment earnings through March 31, June 30, September 30, and December 31 of each year. Quarterly statements reflecting the valuation of a Participant's account are mailed to each Participant within 30 days of the end of the quarter.

### **Investments Under the Plan**

Under the San Diego Electrical Annuity Plan, you have the opportunity to select from the investment options described below for investment of your wage deferral and employer contribution accounts. These investment options are mutual funds managed by several high quality investment management firms and selected for this Plan under guidelines established by the Trustees and in compliance with ERISA. You may invest the assets of your account, in whole percentages, in any one or any combination of the various funds. The choice is entirely up to you based on your belief as to the best diversification, degree of risk and your desired performance.

It is very important that you direct the Plan Administrator as to how you want all of your money invested. This Plan is intended to be a Section 404(c) plan, which means that plan fiduciaries may not be held liable for account losses resulting from participant investment instructions. The list of investment options available under the Plan is attached hereto as Schedule "A".

If you do not select an investment option, or if your selection does not cover 100% of your account balance or your contributions, the undirected portion will be invested in the appropriate target retirement date fund, based on your date of birth. The Alliance Bernstein Retirement Strategies Funds are intended to qualify as a Qualified Default Investment Alternative.

You may change your investment selection(s) four times a year, once each calendar quarter. Changes may be in writing, via the internet or via telephone to the Administrative Office. Changes for contributions will be effective as of the end of the month following receipt of the

form by the administrative office. Transfers are made on a weighted basis; i.e. requests received within the first 6 weeks of a quarter are post dated to the first of the quarter, and requests received in the last 6 weeks of the quarter are posted at the end of the quarter. The Trustees reserve the right to change the underlying mutual funds or investment options under the Plan, if they determine such a change is in the best interests of the participants and beneficiaries.

## **Fees**

The Board of Trustees has determined that the administrative expenses of operating the Plan are not expected to exceed 2% of total Plan assets as measured on an annual basis.. Your Employer does not pay any of these costs. Your account will be charged a pro-rata share of the administrative expenses of operating the Plan which include administration fees, audit costs, legal and investment manager fees. These amounts will reduce the investment return you receive. The fees charged by each of the mutual funds are pre-gain/loss. The mutual funds are permitted to charge fees according to the prospectus they file with the SEC.

## **Divorce**

Under federal law, the Plan must honor a qualified domestic relations order (“QDRO”) which divides a participant’s account between a Participant and a non-employee spouse. Under a QDRO, the non-employee spouse may have the option of receiving an immediate distribution of his or her share of the participant account but this kind of distribution may cause significant tax consequences. The spouse may also roll over his or her portion of the account to another tax-qualified plan, IRA or Roth IRA.

The Plan must be joined in the divorce proceedings. If you are getting a divorce, you should ask your attorney about the division of your Plan benefits. Plan participants may obtain the Plan’s QDRO procedures or a sample QDRO from the Plan Administrator free of charge.

## **Accumulation of Assets and Payment of Benefits**

Contributions to the Trust are received and held by the Board of Trustees and invested pursuant to the participants’ directions pending the payment of benefits and administrative expenses. The Board of Trustees pays benefits directly from the Trust.

## **Death Benefits - Designation of Beneficiary**

You may designate, on a form provided by the administrative office, one or more persons to receive your benefits in the event of your death prior to payment of your benefits. If you are married and you wish to designate someone other than your spouse as beneficiary, your spouse must agree in writing to the designation. In this case, your spouse’s signature must also be

notarized. If you do not designate a beneficiary, or if the designation is ineffective, the death benefit will be paid to the first category of surviving individuals in equal shares:

- a. surviving lawful spouse;
- b. surviving children (including adopted children);
- c. surviving parents;
- d. surviving grandchildren;
- e. surviving brothers and sisters;
- f. surviving grandparents;
- g. surviving uncles and aunts.

If no benefit is payable because of your failure to designate a beneficiary, or because none of the individuals described above survives you, the benefit will revert to the Plan.

### **The Board of Trustees**

Your Plan is sponsored and administered by a joint labor-management Board of Trustees. You may contact the Board of Trustees through the Administrative Office located at:

Board of Trustees of the  
San Diego Electrical Annuity Plan  
3444 Camino del Rio North, Suite 100  
San Diego, California 92104  
(619) 280-2009 or (800) 886-7559

A list of participating employers and labor organizations may be obtained by participants and beneficiaries upon written request to the Trustees. The list is available for examination at the Administrative Office.

### **Identification Numbers**

The employer identification number assigned to the Plan by the Internal Revenue Service is: EIN 33-6162626. The Plan number is 001.

### **Type of Administration**

Your Plan is administered by a Board of Trustees made up of equal numbers of Union and Employer representatives, with the assistance of a third party administrative office, Coast Benefits.

## **Agent for Service of Process**

The Board of Trustees has designated Melissa W. Cook, Esq. as agent for the purpose of accepting service of legal process on behalf of the Plan. Ms. Cook's office is located at 3444 Camino del Rio North, Suite 106, San Diego, California 92108. Service of legal process may also be made upon a plan trustee.

## **The Trustees**

The names and principal addresses of the Trustees of the San Diego Electrical Annuity Plan are:

### **Employer Trustees**

Andy Berg  
3444 Camino del Rio North, Suite 100  
San Diego, California 92108

Robert Friar  
3444 Camino del Rio North, Suite 100  
San Diego, California 92108

Ted Baker  
3444 Camino del Rio North, Suite 100  
San Diego, California 92108

Tim Dudek  
3444 Camino del Rio North, Suite 100  
San Diego, California 92108

### **Union Trustees**

David Taylor  
3444 Camino del Rio North, Suite 100  
San Diego, California 92108

Johnny Simpson  
3444 Camino del Rio North, Suite 100  
San Diego, California 92108

Kurt Delamater  
3444 Camino del Rio North, Suite 100  
San Diego, California 92108

Richard Jacob  
3444 Camino del Rio North, Suite 100  
San Diego, California 92108

Lynn Minor  
3444 Camino del Rio North, Suite 100  
San Diego, California 92108

## **Plan Year**

The Financial records of the Plan and participant accounts are kept on the basis of the calendar year beginning January 1 and ending December 31. Statements are provided to all Participants with accounts following the end of each calendar quarter.

## **Amendment and or Termination of Plan**

The Board of Trustees reserves the right to amend and/or to terminate the Plan. Plan Participants will be notified of amendments and/or termination of the Plan.

## **Appeals Procedure**

1. Notification of Denial of Non-Disability Claim. If an application for benefits submitted by you or any interested party is denied, in whole or in part, notice will be sent to you within 90 days after the receipt of the application by the Trust, unless special circumstances require an extension of time for the processing of that application.
  - a. If an extension of time to process the application is required, written notice will be given to you prior to the termination of the initial 90 day period. The notice shall specify the special circumstances requiring the extension of time, any additional information which might assist in evaluating the application, and the date by which the Trust expects to render its decision. The period for extension of time shall not exceed an additional 90 days.
  - b. If notice of denial is not given, and/or no extension notice is sent, you may deem the application denied for the purpose of allowing you to request a review.
2. Notification of Denial of Disability Claim. If a claim involving Disability retirement benefits is denied in part, the Trust shall notify you within forty-five days after receipt of the application. The forty-five (45) day period may be extended for thirty (30) days if the Trust determines that such an extension is necessary due to matters beyond the control of the Trust and the Trust notifies you, prior to the expiration of the initial forty-five (45) day period, of the circumstances requiring the extension of time and the date by which the Trust expects to render a decision. If, prior to the end of the first thirty (30) day extension period the Trust determines that, due to matters beyond the control of the Trust, a decision cannot be rendered within the extension period. The period for making the determination may be extended for up to an additional thirty (30) days, provided that the Trust notifies you, prior to the to the expiration of the first thirty (30) day extension period, of the circumstances requiring the extension and the date which the Trust expects to render a decision. In the case of any extension under this paragraph, the notice of the extension will specifically explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve those issues, and you will be given at least forty-five (45) days within which to provide the specified information. If notice of denial is not given, and/or no extension notice is sent, you may deem the application denied for the purpose of allowing you to request a review.

3. Content of Notification. If the application is denied in whole or in part, the Administrative Manager shall provide to you a written notice containing the following information:

- a. The reason or reasons for the denial of the application;
- b. Reference to the particular provisions of this Pension Plan upon which the denial is based;
- c. A description of any additional information necessary to perfect the application and an explanation of why such information is necessary;
- d. Specific information as to the steps to be taken if you wish to request a review and
- e. In the case of a Disability retirement benefit claim, if an internal rule, guideline, protocol or similar criterion was relied upon in making the adverse determination, a statement that such rule, guideline, protocol or similar criterion was relied upon in making the adverse determination and that a copy of such rule, guideline, protocol or other criterion will be provided free of charge to you upon request.

4. Benefit Review. The Trustees have the responsibility to provide you with a full and fair review of the denial of all claims. The Plan will not require payment of a fee or costs as a condition to the Participant making a claim or appeal.

- a. You must notify the Administrative Manager in writing of your request for review within 60 days (180 days for disability retirement claims) of the denial of the application; provided, that should you be physically unable to give such notice, you shall have a reasonable extension of time to complete such notice.
- b. The Administrative Manager will arrange for a hearing before the Trustees within 60 days of the receipt of your request for review. The review of an adverse benefit determination upon appeal will take into account all comments, documents, records, and other information submitted by the claimant, regardless of whether the information was submitted or considered in the initial benefit determination. The determination of the Trustees shall be limited to affirming or revoking the decision of the Benefit Review Committee.
- c. The Plan will continue to review benefit determinations upon appeal at regularly scheduled meetings that take place at least quarterly. The Board shall make benefit determinations upon appeal at the meeting that immediately follow the

Plan's receipt of a request for review, unless the request is filed within 30 days of the meeting. In such case, the Board may make a benefit determination upon appeal at the second meeting following the Plan's receipt of the request for review.

- d. You shall be notified in writing at least 14 days prior to the hearing of the date, time and place of such hearing. In addition, you or your representative shall be entitled upon submission of a written request to:
  - (1) Review all pertinent documents used or relied upon by the Administrative Manager in denying the application;
  - (2) Review all pertinent Trust documents; and
  - (3) Submit in writing, any issues, comments, or other evidence, at least 7 days prior to the date of the review hearing, relied upon by you to justify the application and overcome the determination made by the Trust.
- e. If the Trustees desire additional comment or evidence on the issue of the validity of the application, they may request the same from you; provided, no continuance of the review hearing shall be allowed without your express consent.
- f. You shall be notified in writing of the determination of the Trustees within 5 days after the meeting. If the determination is adverse to your claim, it shall also state the reason or reasons for the denial, the particular provisions of this Pension Plan upon which the denial is based, and a description of any additional information which would be necessary to perfect your application.

5. Arbitration. The determination of the Trustees shall be final and binding upon all parties unless overturned by judicial proceedings. If you, your spouse or beneficiary disagree with the decision of the Trustees, you have the right to appeal the matter to arbitration pursuant to the Employee Benefit Claim Rules of the American Arbitration Association. A request to proceed to arbitration must be in writing and submitted to the Trustees within 60 days after receipt of the Trustees' decision. Arbitration is permitted as the second level of appeal only after exhaustion of the required appeal to the Board of Trustees. The Plan will provide to any claimant upon request sufficient information relating to arbitration to enable the claimant to make an informed decision about whether to submit to arbitration. No fees or costs are imposed on the claimant as part of arbitration with the exception of the claimant's attorney's fees, if any, which shall be borne by the claimant. The questions for the arbitrator shall be: (1) whether the Trustees were in error on an issue of law; (2) whether the Trustees acted arbitrarily or capriciously in the exercise of their discretion; and (3) whether the Trustees' findings of fact

were supported by substantial evidence. The decision of the arbitrator shall be final and binding upon all parties whose interests are affected thereby.

### **Statement of ERISA Rights**

As a participant in the San Diego Electrical Annuity Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants are entitled to:

- Examine, without charge, at the administrative office, upon 10 days advance written request, all plan documents including insurance contracts, collective bargaining agreements and copies of all documents filed by the Plan with the U.S. Department of Labor, such as annual reports and plan descriptions.
- Obtain copies of all plan documents and other plan information upon written request to the plan administrator. The plan administrator may make a reasonable charge for the copies.
- Receive a summary of the Plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary annual report.
- Obtain a statement telling you whether you have a right to receive a pension at normal retirement age, which is 65 under the Plan, and, if so, what your benefits would be at normal retirement age if you stop working under the Plan now. This statement must be requested in writing and is not required to be given more than once a year. The Plan must provide the statement free of charge.

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to act prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA. If you are improperly denied a pension benefit, in full or part, you have the right to a hearing before the Trustees, at which you may present your position and any supporting evidence. You may also have the right to be represented by an attorney or any other representative of your choosing. If you are dissatisfied with the Trustees' determination, you may file suit in federal or state court. If you request materials from the Plan and do not receive them within 30 days, you may file suit in federal court. In such case, the Court may require the plan administrator to provide the materials, and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If it should happen

that plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in federal court. The Court will decide who should pay court and legal fees. If you are successful, the Court may order the person you have sued to pay these costs and fees. If you lose, the Court may order you to pay these costs and fees, for example, if the Court finds your claim is without merit.

If you have any questions about your Plan, you should contact the plan administrator. If you have any questions about this section or about your rights under ERISA, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor.

### **Termination of Plan and Insurance**

This Plan may be terminated by action of the Board of Trustees. If terminated, the Plan assets will be distributed to all participants in the Plan in proportion to their account balances as of the date of distribution.

The benefits provided by this Plan are not insured by the Pension Benefit Guaranty Corporation because federal law does not require plan termination insurance coverage for defined contribution individual account plans.

### **Additional Information**

This Summary Plan Description is required by federal law. Of necessity, many of the Plan's provisions have been set forth in summary form. For a complete and detailed description, the official Plan document is available for your inspection.

All questions with respect to participation, eligibility for benefits, or the nature and amount of benefits, or with respect to any matter of plan administration should be referred to the administrative office.

San Diego Electrical Annuity Plan  
3444 Camino del Rio North, Suite 100  
San Diego, California 92108  
(619) 280-2009 or (800) 886-7559

The only party authorized by the Board of Trustees to answer questions concerning the Plan is the administrative agent, Coast Benefits. No participating employer, employer association, or labor organization, nor any individual employed thereby, has any authority in this regard.

You can obtain general information and forms by visiting the Plan on-line at **[www.CoastBenefits.com](http://www.CoastBenefits.com)**.

All requests for education regarding investments in the Plan should be directed to:

Focus Investment Advisors  
511 Saxony Place, Suite 101  
Encinitas, California 92024  
(760) 230-1880 or (800) 401-5488  
[www.FocusInvestment.com](http://www.FocusInvestment.com)

## SCHEDULE A

1. Ameristock (Large Cap Value – Moderate/High Risk). This Fund seeks capital appreciation and current income. It normally invests 80% of its assets in common stock. Management emphasizes large companies that it judges to have low price to earnings, price to book and price to cash flow ratios. In addition, the fund values high dividend yields.

2. Eagle Capital Appreciation Fund (Large Cap Growth – Moderate/High Risk). This Fund is a large capitalization styled equity mutual fund with a long-term capital appreciation objective. The manager utilizes a bottom-up approach to picking stocks and has a high turnover rate among the stocks in the portfolio.

3. Weitz Partners Value Fund (Mid-Cap Value - High Risk). Weitz Partners Value Fund is closed to new contributions received by the Plan effective September 1, 2008. The Fund's primary objective is capital appreciation realized from companies having a medium capitalization size. The Fund takes a value approach to purchasing common stock by purchasing attractive, understandable businesses with competent management. The Fund purchases shares in these companies only if they are available at a significant discount to the "business value" or private market value.

4. Managers Special Equity Fund (Small Cap - High Risk). This fund is closed to new contributions received by the Plan effective January 1, 2010. This Fund invests in a diversified portfolio of small company stocks. The fund splits its assets among three managers, each focusing on a different style or buying universe.

5. Morgan Stanley Inst'l Global Equity Fund (Global Equity/Value Fund - High Risk). This Fund seeks to provide capital growth through the purchase of both domestic and foreign equities. It uses fundamental analysis to identify companies that are under-priced relative to the market. Typically this fund purchases companies with low price-earnings ratios and price/book value below the market.

6. PIMCO Total Return Fund (Fixed Income - Moderate Risk). This Fund invests in a diversified portfolio of fixed income securities of varying maturities with a portfolio duration from three to six years. The Fund may invest up to 10% of its assets in corporate debt securities that are rated below investment grade. The Fund may also invest up to 20% of its assets in securities denominated in foreign currencies. Portfolio holdings will be concentrated in areas of the bond market (based on quality, sector, coupon or maturity) which the adviser believes to be relatively undervalued. This Fund may appeal to investors willing to accept moderate risk.

7. Vanguard Prime Money Market Fund (Cash) – (Low Risk). The Fund invests in high-quality, short term money market securities, including certificates of deposit, acceptances, commercial paper, and other money market securities. The Fund will invest more than 25% of its assets in securities issued by companies in the financial services industry. The fund will maintain a dollar-weighted average maturity of 90 days or less. Therefore, this fund would be considered to have a relatively low level of risk.

8. JANUS Fund (Growth) - (High Risk). This fund is closed to new investments effective December, 2003 pursuant to action taken by the Board of Trustees. This Fund is a diversified fund that seeks long-term growth of capital by investing primarily in common stocks of a large number of issuers of any size. In managing this Fund, the manager's fundamental analysis and selection process focuses on stocks with earnings growth potential that may not be recognized by the market. Such securities are selected solely for their capital growth potential; investment income is not a consideration.

9. American Century Equity Income I. (Large Value – Moderate/High Risk) American Century employs an all-cap approach focusing on stocks that are cheap relative to at least two valuation measures such as price/earnings or price/cash flow and dividend yield. They also aim to create a portfolio with a yield that is two percentage points greater than the S&P 500 Index's by emphasizing higher-yielding stocks and holding a slew of convertibles. This income mandate means the fund has big stakes in dividend-rich utilities, energy, financials, and industrials stocks. The managers are quick to sell stocks they think have gotten too pricey; turnover is well above the mid-value norm. This fund also focuses on companies that are beaten down but poised for a quick rebound. By emphasizing dividend-paying stocks and owning a slew of convertible bonds, the fund generates a hefty yield.

10. Legg Mason Growth Trust. (Large Growth - High Risk) This fund is closed to new contributions received by the Plan effective October 1, 2011. The fund's strategy originally owed a debt to Warren Buffett, with an emphasis on the soda-pop and newspaper stocks synonymous with his value ethos. While manager Robert Hagstrom still runs a concentrated portfolio, does not trade much, and seeks stocks trading at a discount to fair value—all Buffett hallmarks—he has shifted his focus to include areas undergoing rapid change (which Buffett has traditionally avoided). He covets franchises that can deliver strong unit growth, which he believes will be key amid a dearth of pricing power, with recent picks clustering in the Internet, telecom service, and new media areas. This concentrated fund is at the mercy of its stock picks. Due to large position sizes, individual issues can really affect the portfolio leading to category-topping volatility. Manager Robert Hagstrom has hit his marks with gusto at times. But the fund can go from hero to goat in the blink of an eye.

11. Calamos Growth. (Large Growth - High Risk) Management uses quantitative models to search for companies growing faster than their industries and sector peers as measured by earnings growth and returns on invested capital. It then digs deeply into company

balance sheets to understand the business and looks for strong free cash flows and sustainable growth. Finally, in constructing the portfolio, management uses top-down macroeconomic analysis to identify promising sectors and themes to exploit with higher/lower weightings.

12. Leuthold Core Investment. (Aggressive Allocation – Moderate/High Risk). The centerpiece of the fund’s strategy is a quantitative model that uses historical data to compare the prospects of various asset classes with the risk-free return of U.S. Treasury bonds. Management believes strongly in mean-reversion and often moves into out-of-favor asset classes when their prices are low, which implies less price risk and greater return potential. Thus, the fund’s asset allocation can vary dramatically and can include anything from investment-grade bonds to emerging-markets stocks to high-yield mutual funds. The fund also sells stocks short when management thinks stocks are too risky overall.

13. Keeley Small Cap Value. (Small Core - High Risk) Corporate restructuring is Keeley’s key focus. He invests a bulk of the fund’s assets in the stock of companies with robust cash flow that have recently been spun off from other companies, emerged from bankruptcy, or that trade below book value. He tends to shy away from tech and health-care stocks, and the companies in the portfolio have been takeover or acquisition targets from time to time. This fund focuses on newly spun-off units of other businesses, companies emerging from bankruptcy, and those trading below book value. Manager John Keeley also likes beaten-down firms going through turnarounds. It is not a well-followed corner of the market, but this fund has delivered great returns investing in this space.

14. Vanguard REIT Index I (Real Estate – Moderate/High Risk). This fund is designed to track the performance of the Morgan Stanley REIT Index, although the Wilshire REIT Index is a more common benchmark for real estate funds. Thus, the fund is beholden to the decisions that Morgan Stanley makes in adding or subtracting REIT’s from its index. This fund tracks the Morgan Stanley REIT Index. Its focus on REIT securities provides it with a thick income cushion. The fund’s performance has not been headline-grabbing, but rock-bottom expenses should keep it in the game.

15. Invesco Target Date Fund Series (2020, 2030, 2040, 2050, Retire Now). The investment seeks to provide total return with a low to moderate correlation to traditional financial market indices, and as a secondary objective, capital preservation. The fund seeks to meet its investment objective by building a portfolio that includes Invesco Balanced-Risk Allocation Fund and two affiliated money market funds, Liquid Assets Portfolio and Premier Portfolio. The fund is designed for investors who expect to need all or most of their money in the fund at retirement and for investors who plan to withdraw the value of their account in the fund gradually after retirement in the stated retirement date of the fund, i.e. 2020.

Effective March 1, 2013, the designated default for the Plan has been changed from the AllianceBernstein Retirement Strategies funds to the Invesco Target Date Fund Series. This

approach to retirement investing consists of five portfolios with specified target dates (i.e. 2030). If you fail to designate your investment selections, we will use your age and an anticipated retirement age of 65 to calculate the year of your projected retirement date (the date you expect to retire) and choose the appropriate portfolio closest to your retirement date (i.e., an estimated retirement in 2029 you would choose the 2030 portfolio).

16. Alliance Bernstein International Value Fund. (International Value) This fund is closed to new contributions received by the Plan effective October 1, 2011. The Fund invests primarily in a diversified portfolio of stocks of non-U.S. companies. It typically invests in stocks selected from more than forty developed and emerging market countries. Countries are usually weighted in proportion to the size of their stock markets, although the Fund may over or under weight a country depending on the relative attractiveness of the investment in that country.

17. Loomis Sayles Value Fund - (Large Value – Moderate/High Risk). This fund has less of a value tilt than its typical large average peer. It may own some stocks that sell at higher prices because they have strong growth prospects, which could make it somewhat more volatile than the typical large value fund. This fund's market cap is within the normal range for a fund with a large value style.

18. Heartland Select Value - (Mid Value – Moderate/High Risk). This fund has less of a value tilt than its typical mid-cap value peer. It may own some stocks that sell at higher prices because they have strong growth prospects, which could make it somewhat more volatile than the typical mid cap value fund. Despite this fund's average market cap, it doesn't just focus on mid-cap stocks. It actually has a well distributed mix of large cap, mid cap, and small cap issues that leave its average capitalization in the mid-cap region of the style box.

19. Aberdeen Int'l Equity - (International Large Growth - High Risk). This fund's investment style is best characterized as large-cap growth. That means it invests in the biggest and most established global companies and that the stocks it holds sell at higher valuations compared with their competitors. Growth stocks can have greater upside potential, but their prices reflect that they tend to be more volatile than other stocks.

20. Brown Capital Mgmt Small Co (Small Cap Growth- High Risk) looks for firms with sustainable competitive advantages and low relative levels of debt. But, does so with low turnover rates. Stocks that do well are maintained. This contributes to a long term 11% turnover rate. In fact these manages have held some stocks for close to ten years. The manager's buy stocks and are patient enough for the fundamentals to improve. And therefore, they look for higher quality stocks in small cap space. This can be a volatile fund and therefore is not recommended as a single holding. It is recommended for use in a portfolio context.

21. The Hartford Inflation Protected Fund (TIPS Bonds - Low Risk). Seeks a total return that exceeds the rate of inflation over an economic cycle. The fund invests normally at least 65% of net assets in U.S. dollar-denominated inflation-protected debt securities issued by the U.S. Treasury. It may also invest in inflation-protected debt securities issued by U.S. government agencies and instrumentalities. The fund may also invest as much as 80% of net assets in securities of "investment grade" quality. And, may invest up to 20% of net assets in non-investment grade debt securities. This fund offers inflation protection because its return will benefit from rising inflation. It's like a cost of living adjustment applied to wages. But, without inflation this fund is expected to under perform standard corporate or US Treasury bond funds. Therefore, it is to be used in conjunction with the other fixed income offerings. It allows a plan participant to apply the percentage of inflation protection he/she believes to be appropriate.

22. Ivy Asset Strategy (World Allocation - High Risk). The fund purchases stocks, bonds, currencies and commodities. It uses a top-down theme driven approach with a flexible process and can go from 0% to 100% of assets in several asset classes. It actively manages its allocations to global equities, debt, foreign currencies and precious metals. In addition, it uses exchange-traded derivatives to gain long or short exposure.

23. Royce 100 Svcs (Small Growth - High Risk) like all Royce funds uses a bottom-up approach to choosing portfolio holdings, one that focuses on stock selection. The primary goal is to identify promising companies that have strong balance sheets, high internal rates of return, and an ability to generate cash flow. Royce generally invests in less than one hundred companies and whose top positions general exceed 2% of net assets, or invests primarily in a single sector. Generally, Royce seeks to purchase companies trading at discounts of 50% or more to our estimates of their value as businesses. Positions are sold when the company reaches its estimate of the stocks intrinsic value. Consistent with other small cap funds it can be volatile and therefore not recommended as a single holding.

24. Van Eck Global Hard Assets (Natural Resources - High Risk). The investment seeks long-term capital appreciation; income is secondary. The fund normally invests at least 80% of its net assets in securities of "hard asset" companies and instruments that derive their value from "hard assets". Hard assets include precious metals (including gold), base and industrial metals, energy, natural resources and other commodities. It concentrates its investments in the securities of hard assets companies and instruments that derive their value from hard assets. The fund may also invest up to 20% of its net assets in securities issued by other investment companies, including exchange-traded funds. The fund is non-diversified.

25. Oakmark International I (Foreign Large Core – High Risk). The investment seeks long-term capital appreciation. The fund invests primarily in a diversified portfolio of common stocks of non-U.S. companies. It may invest in non-U.S. markets throughout the world, including emerging markets. The fund may invest in securities of large-, mid-, and small-

capitalization companies.

26. Reynolds Blue Chip Growth (Large Growth – Moderate Risk). The investment seeks long-term capital appreciation. The fund normally invests 80% of net assets in the common stocks of "growth" companies that, in the view of the fund's investment adviser, are well-established in their industries and have a minimum market capitalization of at least \$1 billion. It invests in securities of both domestic and foreign "blue chip" companies, with the fund's investments in foreign companies generally being effected through American Depositary Receipts or "ADRs" which are dollar-denominated securities of foreign issuers traded in the U.S. The fund may invest in ADRs through both sponsored and unsponsored arrangements.

27. Fiduciary Capital Preservation Fund (Stable Value – Low Risk). This fund seeks to attain its objective by investing in benefit-responsive intermediate-term and limited duration investment contracts issued by insurance companies and in alternative investment contracts or similar contracts including those commonly referred to as "synthetic investment contracts." All of the assets of this fund (exclusive of cash equivalents) will be invested in securities or investment contracts rated the equivalent of A or better by one of the nationally recognized rating services at the time of purchase. The weighted average credit is currently AA. The objective of this fund seeks to provide a low-risk, high quality investment that preserves principal and provides a stable rate of return that is higher than money market rates. The rate of return of the fund will change over time and will track changes in interest rates.

28. Invesco Balanced-Risk Allocation Fund. Balanced-Risk Allocation is a risk premium capture strategy, designed to earn the excess returns above cash generated by risky assets (stocks, bonds and commodities) over time in a more efficient and effective way. The strategy is best described as alternative beta and the goal of the Balanced-Risk Allocation strategy is to generate equity-like returns with bond-like risk over time.