



Southern California Pipe Trades Defined Contribution Fund

IMPORTANT NOTICE

Automatic Enrollment

Effective January 1, 2014, there will be an important change to the Southern California Pipe Trades Defined Contribution Fund that affects your employees who are subject to a collective bargaining agreement with District Council #16 of the United Association. The change will also affect your payroll processing. **Your company may incur significant costs if it fails to comply with the new rules.**

Effective January 1, 2014, you must deduct from wages pre-tax 401(k) contributions in the amount of \$0.50 per hour for every hour worked for each employee (existing or new) who is not already enrolled in the 401(k) plan. Employees are permitted to opt-out of Automatic Enrollment if they do so in writing on the Enrollment/Change/Opt-out form.

See [Supplement #2](#) which describes the Automatic Enrollment rules.

Here are the steps you must take:

Existing Employees

- Any current employee for whom you are already deducting Pre-Tax 401(k) or After-tax Roth 401(k) contributions is not affected by Automatic Enrollment. Continue contributions as usual.
- Any existing employee for whom you are not already deducting 401(k) contributions must have \$0.50 per hour in Pre-Tax 401(k) contributions deducted from pay starting January 1, 2014, unless the Participant chooses to opt-out, or enroll for a different amount, by completing the Enrollment/Change/Opt-out form and returning it to you. (You must promptly forward all such forms to the Fund Office as instructed on the form.) An existing or new employee may also elect to begin making Pre-Tax or Roth 401(k) contributions, and any such election overrides and replaces the \$0.50 Automatic Enrollment contribution.

New Employees

- Any employee dispatched by a Local Union should have been provided with the Automatic Enrollment New Employee Packet. You can find a copy of the New Employee Packet [HERE](#). Any new employee must have \$0.50 per hour in Pre-Tax 401(k) contributions deducted from pay starting as soon as employment commences, unless the Participant chooses to opt-out by completing the Enrollment/Change/Opt-out form and returning it to you. (You must promptly forward all such forms to the Fund Office as instructed on the form.)

Why this Change?

The Employer and Union Trustees of the Plan believe that saving for retirement is an important part of anyone's financial plan, and believe that the saving opportunities offered by the Defined Contribution Fund are a valuable benefit. Moreover, many participants are currently unable to save as much money in the plan as they would like to, because not enough employees are participating.

Penalties for Failure to Automatically Enroll

If you fail to automatically enroll employees according to the terms of the Plan, the Fund Office will send notices and will implement collection efforts. In addition, unresolved shortages are reported to the Internal Revenue Service as part of the Fund's annual Form 5500 filing. Finally, **an employer who fails to automatically enroll an employee is required by law to replace the missing contributions from the company's own funds (not by deducting from the employee's wages) plus lost investment earnings.**

Should you have any questions about this change after reading the enclosed materials, please contact the Fund Office:

Southern California Pipe Trades Administrative Corporation

Mail: 501 Shatto Place, Fifth Floor
Los Angeles, CA 90020

Phone: (800) 595-7473
(213) 385-6161

Press "0" and ask the Operator to connect you to the Defined Contribution Department

Fax: (213) 385-2767

Email: info@scptac.org

Web site: www.scptac.org