

HOTEL UNION AND HOTEL INDUSTRY OF HAWAII  
401(k) RETIREMENT SAVINGS PLAN

**ENROLLMENT HANDBOOK**

CONTRACT ADMINISTRATOR

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# HOTEL UNION AND HOTEL INDUSTRY OF HAWAII 401(k) RETIREMENT SAVINGS PLAN

The 401(k) plan is designed to help you get control of your financial security by a simple way of systematically saving through payroll deduction for a comfortable life at retirement. By setting aside a small amount each payday before taxes, and investing that money, you are on your way to financial security.

The benefits of the 401(k) plan are:

1. Reduce your current income taxes
2. Defer taxes on investment gains
3. Variety of investment choices
4. Vested 100% on your contributions

The 401(k) plan allows you to control:

1. How much you want to save
2. How to invest your money
3. Freedom to change your investments
4. Freedom to stop your deductions at any time

## QUESTION GUIDE

1. WHAT IS A 401(k) PLAN?

A 401(k) plan is an Internal Revenue Service (IRS) approved qualified retirement plan that allows employees to save money for retirement with special tax breaks. This plan is allowed under the Internal Revenue Code section 401(k).

2. WHAT ARE THE 401(k) PLAN TAX ADVANTAGES?

First, any money you put away into a 401(k) plan is not taxed. This will lower your taxable income and you save on federal and state income taxes that year. Second, your money and the earnings in the plan grow untaxed until you take money out of the plan at retirement. This will help your money to grow faster since no taxes are deducted each year. See the attached illustrations.

3. HOW MUCH CAN I SAVE UNDER THE PLAN?

You can save as little as 3% of gross pay, or as much as 100% of gross pay, depending on your budget. However, you cannot exceed the annual maximum limit set by law. For 2024 that limit is \$23,000.00. This limit is adjusted annually to keep pace with inflation.

4. WHAT INVESTMENT CHOICES DO I HAVE?

You may choose any of the following individual investment funds or a mix of individual funds to equal 100% of your investment allocation:

- OPTION 1      VANGUARD RETIREMENT SAVINGS TRUST
- OPTION 2      T. ROWE PRICE BALANCE FUND
- OPTION 3      T. ROWE PRICE RETIREMENT 2020 FUND
- OPTION 4      T. ROWE PRICE RETIREMENT 2030 FUND
- OPTION 5      T. ROWE PRICE RETIREMENT 2040 FUND
- OPTION 6      VANGUARD TOTAL MARKET INDEX FUND
- OPTION 7      VANGUARD TOTAL INTERNATIONAL STOCK FUND

You also have the option to self-direct your investments to any publicly traded mutual fund. Under this option you are required to pay a quarterly account maintenance charge, in addition to all transaction charges and sales load fees. Please call the Contract Administrator at (808) 523-0199 for details.

5. WHEN CAN I CHANGE MY INVESTMENTS?

You may change the way your new deductions are invested, as well as transfer existing money from one investment option to another, on the calendar quarters beginning January 1, April 1, July 1, and October 1. To do this, you must request a Change in Investment Option Form by contacting the Contract Administrator listed on the cover of this booklet. This form must be completed and returned to the Administrator at least 15 days before the quarter when the change or transfer is to be made.

6. HOW WILL I KNOW HOW MUCH I HAVE IN MY ACCOUNT?

You will receive a quarterly statement showing the contributions that you put in, the investment gains, and the performance of your investments.

7. CAN I CHANGE THE AMOUNT I SAVE?

You may raise or lower your payroll deduction on January 1, April 1, July 1, and October 1, by completing a Change in Deferral Form obtained from the Administrator, and returning the form to the Administrator's office at least 15 days before the quarter when the change is to be made.

You may also cancel your deduction at any time during the year by completing a Cancellation Form and returning to the Administrator. The cancellation will become effective as soon as the payroll department can implement the request (usually within 20 days.)

Even if you stop saving, the money you already have saved will remain in your account, and continue to share in the performance of your chosen investments. You can still make investment changes to your account, and you may start your deductions again beginning with the next calendar quarter, by completing a new Enrollment Form.

8. CAN I DEPOSIT MONEY RECEIVED FROM OTHER QUALIFIED PLANS?

You may find it convenient to have all your other retirement money in this plan. You may roll-over or transfer monies from other qualified retirement plans or "conduit" IRA monies. Contact the Administrator for details.

9. WHEN CAN I WITHDRAW MY MONEY FROM THE PLAN?

Withdrawals are limited from any retirement plan, but you may make withdrawals when any of the following occur:

- Reach age 59 1/2
- Retire (after age 62)
- Become permanently disabled
- Reach age 70 1/2
- Separate from service (effective at the end of the year you leave service)
- Death of participant
- Qualifying hardship listed below (type of documentation required):
  - To pay medical expenses (copy of medical bills)
  - To pay for college tuition (copy of tuition statements)
  - To purchase a primary residence (agreement of sale)
  - To pay past due rent or mortgage (legal eviction or foreclosure notice)
  - To pay for funeral or burial expenses
  - To pay for expenses to repair damage to primary residence
- Hardship withdrawals are restricted to only those listed above, and require the appropriate documentation. Additional restrictions may also apply, contact the Administrator for details.

10. HOW ARE WITHDRAWALS FROM THE PLAN TAXED?

Money received from your account will be taxable income in the year withdrawn. You pay regular income taxes on money you receive after age 59 1/2. The same is true if you separate from service with your employer after reaching age 55.

If you make a withdrawal from your account before you are age 59 1/2, you pay regular income taxes and a 10% federal tax penalty. There is also a state penalty in some states. You can defer the taxes and avoid penalties with a tax-free roll-over.

To qualify as a tax free roll-over, your distribution has to be transferred (rolled-over) into an individual retirement account or another qualified plan within 60 days of the date of distribution.

Certain withdrawals and payments have special tax consequences not mentioned above. Since everyone's tax situation is different, these may or may not apply to you. Therefore you should always seek the advice of a qualified tax professional when making decisions about withdrawing your money.

11. CAN I BORROW FROM MY ACCOUNT?

No, there are no loan provisions in this plan.

12. WHEN DOES MY ACCOUNT BECOME VESTED?

You are always 100% vested in your own salary deduction account. It is your money. A separate vesting schedule applies to Employer contributed money (if any).

13. WHO CAN JOIN THIS PLAN?

Only Local 5 bargaining unit employees working for an Employer covered by a participating agreement may join this plan.

14. HOW DO I ENROLL?

Complete the attached Enrollment Form and Beneficiary Designation Form located at the back of this booklet.

15. HOW CAN I GET MORE INFORMATION?

This handbook is intended only to answer some commonly asked questions about 401(k). You may also request a Summary Plan Description containing the principal provisions of the plan. The governing documents-the Plan and Trust adopted by the Trust-are available for your inspection in the plan Administrator's office during regular business hours.

401(K) DEFERRED TAX SAVING vs. TRADITIONAL AFTER TAX SAVING

**ILLUSTRATION A**

	<u>401(k) TAX DEFERRED SAVING</u>	<u>TRADITIONAL AFTER TAX SAVING</u>
INCOME	\$ 20,000	\$ 20,000
401(k) PRE-TAX CONTRIBUTION	<u>2,500</u>	<u>-0-</u>
TAXABLE INCOME	17,500	20,000
ESTIMATED TAX	<u>4,375</u>	<u>5,000</u>
NET INCOME AFTER TAX	13,125	15,000
AFTER TAX SAVINGS	<u>-0-</u>	<u>2,500</u>
TOTAL NET INCOME	<u><u>13,125</u></u>	<u><u>12,500</u></u>

**ASSUMPTIONS:**

1. MARRIED FILING JOINT RETURNS
2. APPLICABLE FEDERAL INCOME TAX
3. 10% STATE INCOME TAX

**ILLUSTRATION B**

	<u>401(k) TAX DEFERRED SAVING</u>	<u>TRADITIONAL AFTER TAX SAVING</u>
INCOME	\$ 40,000	\$ 40,000
401(k) PRE-TAX CONTRIBUTION	<u>4,000</u>	<u>-0-</u>
TAXABLE INCOME	36,000	40,000
ESTIMATED TAX	<u>12,000</u>	<u>14,000</u>
NET INCOME AFTER TAX	24,000	26,000
AFTER TAX SAVINGS	<u>-0-</u>	<u>4,000</u>
TOTAL NET INCOME	<u><u>24,000</u></u>	<u><u>22,000</u></u>

**ASSUMPTIONS:**

1. MARRIED FILING JOINT RETURNS
2. APPLICABLE FEDERAL INCOME TAX
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**EMPLOYEE 401(k) NEW ENROLLMENT FORM**

LAST NAME	FIRST NAME	M.I.	S.S. NUMBER
MAILING ADDRESS	CITY	STATE	ZIP CODE
COMPANY	DEPARTMENT	DATE OF BIRTH	DATE OF HIRE
MARITAL STATUS: SINGLE/MARRIED	SEX: MALE/FEMALE	PHONE NO. _____	

**1. INDICATE THE PERCENTAGE (%) OF YOUR GROSS PAY PER PAY PERIOD THAT YOU WISH TO CONTRIBUTE BY PAYROLL DEDUCTIONS TO THIS PLAN (NO FIXED DOLLAR AMOUNTS):**

\_\_\_\_\_ % OF GROSS PAY PER PAY PERIOD (WHOLE PERCENTAGE ONLY, RANGE OF 3% - 100%)

CURRENT MAXIMUM AMOUNT TO BE DEDUCTED FOR 2024 MUST NOT EXCEED 100% OF GROSS PAY OR \$23,000.00 WHICHEVER IS LESS.

**2. INVESTMENT ELECTION: PLEASE SELECT YOUR NEW INVESTMENT OPTION(S)**

(PLEASE NOTE THAT YOU MAY SELECT MORE THAN ONE OPTION, HOWEVER, THE TOTAL PERCENTAGE MUST EQUAL 100%)

- \_\_\_\_\_ % OPTION 1 VANGUARD RETIREMENT SAVINGS TRUST
- \_\_\_\_\_ % OPTION 2 T. ROWE PRICE RETIREMENT BALANCED FUND
- \_\_\_\_\_ % OPTION 3 T. ROWE PRICE RETIREMENT 2020 FUND
- \_\_\_\_\_ % OPTION 4 T. ROWE PRICE RETIREMENT 2030 FUND
- \_\_\_\_\_ % OPTION 5 T. ROWE PRICE RETIREMENT 2040 FUND
- \_\_\_\_\_ % OPTION 6 VANGUARD TOTAL MARKET INDEX FUND
- \_\_\_\_\_ % OPTION 7 VANGUARD TOTAL INTERNATIONAL STOCK FUND
- OPTION 8 PARTICIPANT DIRECTED (PLEASE CALL THE ADMINISTRATOR FOR DETAILS)
- 100 % TOTAL – THE SUM OF YOUR INVESTMENT ELECTION(S) MUST EQUAL 100%

**THIS FORM MUST BE RECEIVED BY THE TRUST FUND OFFICE AT LEAST 15 DAYS BEFORE THE START OF THE QUARTER THAT YOU WANT THE ENROLLMENT TO BECOME EFFECTIVE.**

**NEW ENROLLMENT:**

EMPLOYEE AUTHORIZATION: I HEREBY AGREE TO ALL OF THE TERMS AND CONDITIONS OF THE INVESTMENT PLAN, AND AUTHORIZE THE PAYROLL DEDUCTION AND INVESTMENT ELECTION AS INDICATED ABOVE.

EMPLOYEE'S SIGNATURE	DATE
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**DESIGNATION OF BENEFICIARY FORM**

**I. PARTICIPANT INFORMATION**

\_\_\_\_\_  
PARTICIPANT'S LAST NAME                      FIRST NAME                      M.I.                      S.S. NUMBER

\_\_\_\_\_  
MAILING ADDRESS                      CITY                      STATE                      ZIP CODE

MARITAL STATUS:                      SINGLE / MARRIED                      PHONE NO. \_\_\_\_\_

**II. DESIGNATION OF BENEFICIARY (THIS SECTION MUST BE COMPLETED)**

(Note: If you are married, your pre-retirement death benefits are automatically paid to your surviving spouse. If you are designating someone other than your spouse you must also complete section III.)

\_\_\_\_\_  
BENEFICIARY'S LAST NAME                      FIRST NAME                      M.I.                      S.S. NUMBER

\_\_\_\_\_  
MAILING ADDRESS                      CITY                      STATE                      ZIP CODE

RELATIONSHIP: \_\_\_\_\_                      PHONE NO. (     ) \_\_\_\_\_

\_\_\_\_\_  
SIGNATURE OF PARTICIPANT                      DATE SIGNED

**III. COMPLETE THIS SECTION ONLY IF YOU ARE MARRIED AND SELECTING SOMEONE OTHER THAN YOUR SPOUSE**

If you are married and you have designated someone other than your spouse as your beneficiary, your spouse must consent to your designation by completing the following statement, and the signatures of both you and your spouse must be witnessed by a notary public.

I understand that by consenting to such a designation I shall not be entitled to any pre-retirement death benefits from the Plan and that such designation will not be effective if I do not give my consent to such designation. I give my consent freely and without any duress or undue influence.

\_\_\_\_\_  
SPOUSE'S SIGNATURE                      DATE SIGNED

\_\_\_\_\_  
PARTICIPANT'S SIGNATURE                      DATE SIGNED

On this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_, before me personally appeared \_\_\_\_\_ and \_\_\_\_\_, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they duly executed the same as their free act and deed.

\_\_\_\_\_  
Notary Public, State of Hawaii  
My Commission Expires: \_\_\_\_\_