

**NOTICE TO EMPLOYEES**

**CALIFORNIA-NEVADA-HAWAII-DISTRICT OF KIWANIS MERIT PLAN**

**CALIFORNIA-NEVADA-HAWAII-DISTRICT OF KIWANIS INTERNATIONAL**

**8360 Red Oak Street**

**Suite 201**

**Rancho Cucamonga, CA 91730**

**(909) 656-1500**

Date:

August 31, 2018

Plan Year:

A "Plan Year" is the 12 consecutive month period ending on September 30.

Plan No.:

001

Plan Effective Date:

October 1, 2009

Re: Annual Notice of 401(k) Plan Employer Contributions for the 2018 Plan Year

Plan Trustee:

PETER HORTON and

MARK MCDONALD

Administrative Committee:

PETER HORTON

MARK MCDONALD

Plan Sponsor and Plan Administrator:

CALIFORNIA-NEVADA-HAWAII-DISTRICT OF KIWANIS INTERNATIONAL

**INTRODUCTION**

In order to allow you to make an informed decision about the level of your own contributions, if any, and to meet certain "safe harbor" notice requirements, CALIFORNIA-NEVADA-HAWAII-DISTRICT OF KIWANIS INTERNATIONAL (the "Company") and Kiwanis Cal-Nev-Ha Foundation (the "Participating Employer(s)") are providing you with this notice describing the types of contributions that may be made to the CALIFORNIA-NEVADA-HAWAII-DISTRICT OF KIWANIS MERIT PLAN (the "Plan") and when you can elect to change your elective deferrals (401(k) deferrals). This notice

is for those employees who are eligible to make elective deferrals and employees who first become eligible to make elective deferrals during the Plan Year.

**Your Employer reserves the right to amend the Plan at any time during the Plan Year to reduce or suspend the Safe Harbor Contribution formula stated below. Any such reduction or suspension will not apply until at least 30 days after each eligible employee has received a supplemental notice describing the consequences of the amendment reducing or suspending future safe harbor contributions, the procedures for making changes in the employee's deferral elections, and the effective date of the amendment.**

### **SAFE HARBOR MATCHING CONTRIBUTIONS**

The Company will contribute one dollar (\$1.00) for each dollar saved by a Participant up to three percent (3%) of Compensation. In such event, the Company will also contribute an additional fifty cents (\$.50) for each dollar that each Participant saves in excess of three percent (3%) of Compensation but not more than five percent (5%) of Compensation. The Company must notify you in writing before the beginning of each Plan Year if it decides to make this contribution. These contributions shall be made separately for each payroll period.

For information on how Plan Compensation is defined, please refer to your Summary Plan Description.

### **401(k) CONTRIBUTIONS**

You may contribute to the Plan from your Compensation as well. Your Elective Deferrals are withheld from your pay and contributed to the Plan. Your Elective Deferrals reduce your taxable income by the amount contributed.

Your Elective Deferrals can be any percentage of your Compensation (see Article III of the Summary Plan Description) during the Plan Year up to 100% of your Compensation. However, your Elective Deferrals cannot be more than \$18,500 unless you are age 50 or older by the end of the 2018 Plan Year. In that case, the \$18,500 maximum is increased by \$6,000.

If you would like to make Elective Deferrals, you must complete a Salary Reduction Agreement Enrollment Form (the "Enrollment Form"). You can change the amount you save at any time by giving 7 days advance written notice to the Committee. You may suspend your 401(k) Contributions at any time by giving 7 days advance written notice to the Committee. If you suspend your 401(k) Contributions, you may save again at any time.

## **EMPLOYER PROFIT SHARING CONTRIBUTIONS**

### Discretionary

The amount of the Profit Sharing contribution is determined by the Company.

### Ratio of Compensation Formula

The Company contribution will be shared by you and by all other Participants in the Plan. Your share of the Company contribution is calculated by a formula of your Compensation for the Plan Year divided by the total Compensation paid to all Participants for such Plan Year.

## **EMPLOYER MATCHING CONTRIBUTIONS**

Matching Contributions are discretionary. This means that the Company has the sole right to make (or not to make) a Matching Contribution in any Plan Year.

Catch-Up Contributions are eligible to be matched.

## **ALLOCATION REQUIREMENTS TO RECEIVE PROFIT SHARING CONTRIBUTIONS AND MATCHING CONTRIBUTIONS**

You will be eligible to receive an allocation of Safe Harbor Matching Contributions without any allocation requirements in any Plan Year that the Company makes such contributions.

You will be eligible to receive an allocation of Profit Sharing Contributions and Matching Contributions in any Plan Year that the Company makes such contributions, if you worked at least 1,000 Hours of Service during the Plan Year and you are working for the Company on the last day of the Plan Year.

A special rule allows you to share in Profit Sharing Contributions and Matching Contributions in the Plan Year in which you terminate employment by reason of retirement at or after Normal Retirement Age, death or Total Disability, even if you do not work at least 1,000 Hours of Service or are not working on the last day of the Plan Year.

## **WITHDRAWALS**

Amounts accumulated in the Plan are generally only available at Normal Retirement Age which is the later of (1) the 1st day of the month coinciding with or immediately following your 65th birthday, or (2) the 5th anniversary of your commencement of participation under the Plan. Amounts are also available on account of death, disability or termination of employment. However, under certain circumstances, you may request an in-service withdrawal as follows:

In-service distributions of a Participant's Profit Sharing Contribution Account and Matching Contribution Account shall be allowed upon attainment of Normal Retirement Age, or later.

You may request payment of your 401(k) Contribution Account at age 59½ or later.

You may request payment of your Guaranteed Matching Contributions at age 59½ or later.

You may request payment of your Transferred Benefits Account from the Company's prior money purchase pension plan at or after Normal Retirement Age.

You may request payment of your Rollover Contribution Account at any time.

You will be entitled to hardship withdrawals of 401(k) Contributions. An "event of hardship" means:

- Payment of medical expenses described in Section 213(d) of the Internal Revenue Code of 1986, as amended, which are incurred by you, your spouse, your primary beneficiary, or any of your dependents as defined in Section 152(d) of the Code or necessary for these persons to obtain medical care as described in Section 213(d) of the Code.
- Purchase of a principal residence, but not including mortgage payments, by the Employee.
- Payment of tuition, room and board, and related educational fees for the next 12 months of post-secondary education for you, your Spouse, children, your primary beneficiary, or dependents.
- The need to prevent eviction of the Employee from his or her principal residence or foreclosure on the mortgage of the Employee's principal residence.
- Payment for burial or funeral expenses for your parent, Spouse, children, your primary beneficiary, or dependents.
- Payment of expenses for the repair of damage to your principal residence that would qualify for casualty deduction under Section 165 of the Code without regard whether the casualty exceeds 10% of your adjusted gross income.

## **VESTING**

You are always fully (100%) vested in any balance in your 401(k) Contributions, Rollover Contribution and Safe Harbor Matching Contribution Account(s).

You will vest in your Profit Sharing Contribution, Matching Contribution and Transferred Benefits Accounts as follows:

<u>Years of Vesting Service</u>	<u>Vested Percentage</u>
less than 2	0%
2	20%
3	40%
4	60%
5	80%
6 or more	100%

### **NOTICE REQUIREMENTS**

This Notice is intended to meet the notice requirements of Treasury Regulations under Section 401(k) of the Internal Revenue Code, and is intended to provide a brief review of certain key aspects of the Plan. If there are discrepancies between the contents of this Notice and the Plan document, the terms of the Plan shall govern. If you have any questions about the terms of the Plan, or if you wish to request another copy of the Summary Plan Description, please contact Peter Horton or Mark McDonald at the Company.