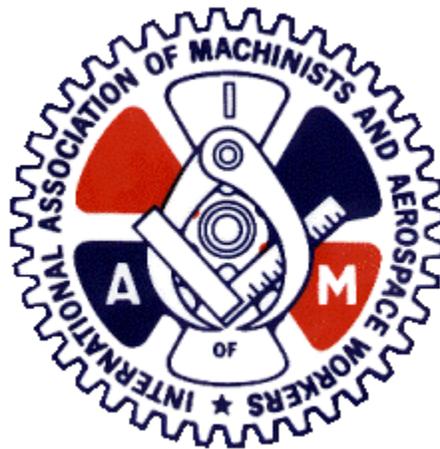


UNITED PARCEL SERVICE, INC.

MACHINISTS LODGE 447 (IAM)

ANNUITY FUND

SUMMARY PLAN DESCRIPTION



August 2020

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UNITED PARCEL SERVICE, INC. – MACHINISTS LODGE 447 (IAM)

ANNUITY FUND

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Christopher Langan
Matt Hoffman
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FUND ADMINISTRATOR / FUND OFFICE

I.E. Shaffer & Co.
830 Bear Tavern Road
West Trenton, NJ 08628
(609) 883-6688

EMPLOYER

United Parcel Service, Inc.

LABOR ORGANIZATION

Lodge 447, International Association of Machinists and Aerospace Workers, AFL-CIO

ACCOUNTANT

Buchbinder Tunick & Company LLP

LEGAL COUNSEL

Proskauer Rose LLP

TO ALL PLAN PARTICIPANTS:

We are pleased to present you with this Summary Plan Description (“SPD”), which describes the benefits provided by the United Parcel Service, Inc. – Machinists Lodge 447 (IAM) Annuity Plan (the “Plan”). The primary purpose of this description is to provide you with a non-technical explanation of the most important features of the Plan. We encourage you to read the SPD carefully so that you will understand the Plan as it applies to you and your family.

Although this booklet summarizes the most important features of the Plan, please note that this general summary does not change or expand the terms of the Plan, and in the event there is any conflict or inconsistency between the SPD and the Plan document, the Plan document will govern in all cases. You may obtain a copy of the Plan document upon written request to the Fund Administrator. Please also note that the existence of the Plan is not an offer or contract of employment, nor does it limit your employer’s ability to terminate your employment.

We suggest that you share this booklet with your family and that you keep it in a safe place for future reference. If you lose your copy, please feel free to ask the Fund Administrator for another.

After you read the SPD, if you have any questions about the Plan or would like more information, contact the Fund Administrator at I. E. Shaffer & Co., 830 Bear Tavern Road, P.O. Box 1028, Trenton, NJ 08628-0230, (609) 883-6688.

Sincerely,

BOARD OF TRUSTEES
UNITED PARCEL SERVICE, INC. – MACHINISTS LODGE 447 (IAM) ANNUITY FUND

INTRODUCTION

The United Parcel Service, Inc. – Machinists Lodge 447 (IAM) Annuity Fund (the “Fund”) was initially established on May 1, 1979 to provide retirement benefits to eligible employees of United Parcel Service, Inc. who work in employment covered by collective bargaining agreements with the Machinists Lodge 447 (IAM). The Plan has been amended and restated since it was initially established, most recently as of May 1, 2012, and will continue to be amended in the future. If you have stopped working or retired, your benefits are governed by the Plan rules in effect at the time you left covered employment. Please contact the Fund Office for further information.

The Plan is completely funded through contributions made to the Fund by United Parcel Service, Inc. Employees are neither required nor permitted to make contributions to the Plan.

OVERVIEW OF PARTICIPATION AND BENEFITS

Eligibility for Participation: You are eligible to become a Participant in the Plan if you are covered by a collective bargaining agreement under which United Parcel Service, Inc. (hereinafter referred to as the “Employer”) is required to make contributions on your behalf to the Plan. Once you are eligible and contributions have been received by the Fund on your behalf, an account will be established for you.

Individual Account: The Employer contributions that are made to the Fund on your behalf accumulate in an Individual Account. Your Individual Account consists of Employer contributions received on your behalf, plus investment earnings and less investment losses, withdrawals and your share of the Fund’s administrative expenses, determined quarterly as of each Plan valuation date. You are always 100% vested in your Individual Account.

Eligibility for Benefits: You are eligible to receive payment of your Individual Account upon the occurrence of one of the events described later in this booklet (i.e., retirement, disability, termination of employment). If you die before receiving your entire Individual Account, your Individual Account will be paid to your spouse or beneficiary, as described in more detail later in this booklet.

IMPORTANT PLAN INFORMATION

Official Plan Name: United Parcel Service, Inc. Machinists Lodge 447 (IAM) Annuity Plan

Plan Sponsor/Plan Administrator: The Plan is maintained and administered by a Joint Board of Trustees, which is comprised of four union-designated Trustees and four employer-designated Trustees. The Board of Trustees may be contacted at the Fund Office at I. E. Shaffer & Co., 830 Bear Tavern Road, P.O. Box 1028, Trenton, NJ 08628-0230 or (609) 883-6688.

Fund Administrator: The Board of Trustees has delegated the day-to-day administration of the Plan to a third party Fund Administrator, I. E. Shaffer & Co., 830 Bear Tavern Road, P.O. Box 1028, Trenton, NJ 08628-0230, (609) 883-6688.

Plan Sponsor Employer Identification Number (EIN): 13-3031882

Plan Number: 001

Plan Year: May 1 – April 30

Type of Plan: Defined contribution, money purchase pension plan.

Trust Fund: Plan assets are held in a trust fund (the United Parcel Service, Inc. Machinists Lodge 447 Annuity Fund) for the purpose of providing benefits to covered participants and, upon their death, to their spouses or beneficiaries, and paying reasonable administrative expenses.

Funding of Benefits: Benefits provided under the Plan are funded solely by contributions made by the Employer in accordance with the terms of the applicable collective bargaining agreements. Employer contributions are invested by investment managers selected by the Board of Trustees in consultation with the Fund's investment advisor. Benefits are paid from the Fund's assets (i.e., Employer contributions and the earnings thereon, minus losses and administrative expenses), which accumulate under the provisions of the Trust Agreement establishing the Fund. Individual participants are not permitted to contribute to the Plan.

Collective Bargaining Agreements: The Plan is maintained pursuant to collective bargaining agreements between United Parcel Service, Inc. and Lodge 447 of the International Association of Machinists and Aerospace Workers, AFL-CIO (IAMAW). A copy of the applicable collective bargaining agreements may be obtained by participants and beneficiaries upon written request to the Fund Administrator and are available for examination at the Fund Office during normal business hours. A complete list of the employee organizations sponsoring the Plan may be obtained by participants and beneficiaries upon written request to the Fund Administrator and is available for examination by participants and beneficiaries. In addition, participants and beneficiaries may make a written request to the Fund Administrator for information as to whether a particular employee organization is a sponsor of the Plan and, if so, the address.

Service of Legal Process: I.E. Shaffer & Co. is the agent for service of legal process on the Fund, and service may also be made on the Trustees at the Fund Office.

INDIVIDUAL ACCOUNTS

The Employer makes contributions to the Fund on behalf of eligible employees for work that is covered by the applicable collective bargaining agreements, in the amounts required by such agreements. Contributions made on your behalf accumulate in your Individual Account.

The amount of the benefit you are entitled to receive from the Plan will depend on the amount of contributions made to the Fund on your behalf while you are a Plan Participant, adjusted for a proportionate share of the Fund's net investment earnings (or losses), less your share of the Fund's administrative expenses determined in accordance with Plan rules.

The value of each Participant's Individual Account is determined as of each valuation date on a quarterly basis in accordance with the terms of the Plan. If you have questions regarding how Individual Accounts are valued, you may contact the Fund Administrator or review the Plan document.

Your Individual Account consists of:

- 1) Employer contributions made to the Fund on your behalf, plus
- 2) Net investment earnings credited to your Individual Account, less
- 3) Withdrawals made from your Individual Account, less
- 4) Administrative expenses deducted from your Individual Account.

You will receive a statement of your Individual Account twice a year from the Fund Administrator. Additional statements are available upon request to the Fund Administrator.

WHEN BENEFITS ARE PAYABLE

Eligible Participants may apply to receive their Individual Account upon the occurrence of one of the following events. You are entitled to the value of your Individual Account on the date of distribution, determined in accordance with the Plan rules. See the section entitled "How Benefits Are Paid" for information about the available forms of benefit payment.

Upon Termination of Employment

Eligibility - If you terminate employment with the Employer for any reason other than retirement, death or disability, you may receive your Individual Account as of your employment termination date. Termination includes quitting, being discharged or transferring to a position that is not collectively-bargained or does not require

contributions to be made to the Fund on your behalf.

Upon Retirement

Eligibility – You are eligible to receive your Individual Account under the Plan any time after you have started receiving, or have applied for and are entitled to receive, a regular or service pension benefit from the Local 804 I.B.T. and Lodge 447 I.A.M.-UPS Multi-Employer Retirement Plan (the “804/447 Plan”).

Upon Disability

Eligibility - If you are eligible to receive a disability pension from the 804/447 Plan, then you will be eligible to receive your Individual Account under the Plan.

Required Beginning Date For Benefits

The Internal Revenue Code requires you to start receiving benefits no later than your “required beginning date.” If you attain age 70½ before January 1, 2020, your required beginning date is April 1 of the calendar year following the later of the calendar year in which you reach **age 70 ½** or the calendar year in which you stop working. If you attain age 70 ½ on or after January 1, 2020, your required beginning date is April 1 of the calendar year following the later of the calendar year in which you reach **age 72** or the calendar year in which you stop working. However, even if you are still working, you may voluntarily elect to begin receiving benefits as of April 1 of the calendar year after the year in which you attain age 70 ½. (Note that different rules apply to 5% owners. Contact the Fund Administrator for more information if this applies to you.) If you do not start receiving your Individual Account benefit by your required beginning date, you may be subject to substantial tax penalties imposed by the Internal Revenue Service

DEATH BENEFITS

If you die before beginning to receive your Individual Account, your eligible spouse or designated beneficiary (if you have no spouse or your spouse has waived benefits on the appropriate Plan forms) will receive your Individual Account in a lump sum, unless another election is made.

If you die while receiving benefits but before receiving your entire Individual Account, your eligible spouse or designated beneficiary (if you have no spouse or your spouse has waived benefits on the appropriate Plan forms) will receive any available death benefits based upon the form of benefit that you elected.

Your “designated beneficiary” is the person or persons you have designated in writing (on the appropriate Plan forms) and filed with the Fund Administrator prior to your death.

If you do not have a beneficiary designation on file at the Fund Office (or your designated beneficiary has predeceased you), any amounts payable upon your death

will be paid to your surviving spouse or, if none, to your surviving children (in equal shares) or, if none, to your surviving parent or parents (in equal shares) or, if none, to the executor or administrator of your estate. The same rules apply with respect to benefits payable following the death of a beneficiary who is receiving benefits as a result of your death.

If you want to change your designated beneficiary(ies), or there is a change in your marital status, please notify the Fund Office immediately.

HOW BENEFITS ARE PAID

If you are eligible to receive benefits from the Fund in accordance with the above rules, your Individual Account balance may be paid to you in one of the following ways:

- 1) A lump sum payment of your entire Individual Account. Please note that 25% of any lump sum payment will be held temporarily by the Plan and will remain in your Individual Account until the Plan's annual rate of return is determined at the conclusion of the Plan Year, after which the entire remaining balance in your Individual Account will be distributed to you.
- 2) A partial lump sum payment from your Individual Account. The minimum partial lump sum payment amount is \$10,000 (or, if less, your remaining account balance). Please note that if your requested partial lump sum payment represents 75% or more of your Individual Account, 25% of your Individual Account balance will be held temporarily by the Plan and will remain in your Individual Account until the Plan's annual rate of return is determined at the conclusion of the Plan Year, after which the balance of the partial lump sum payment will be distributed to you.
- 3) Fixed monthly installments in equal amounts over a period of years not in excess of your life expectancy based on IRS mortality tables applicable at the time of each payment.
- 4) A life annuity, which provides monthly payments for your lifetime.
- 5) A joint and survivor annuity, which provides monthly payments for your lifetime and then, upon your death, your eligible surviving spouse will receive 50% of the amount you were receiving for the rest of his/her life (or such greater percentage as may be elected by you, up to 100%).

*Note: Life annuities paid by the Plan are paid through the purchase of annuity contracts from an insurance company.

If you have a spouse living when you receive your Individual Account, the automatic form of payment to you is a joint and survivor annuity (number (5) above), unless you elect an alternative form of benefit payment with your spouse's written consent (notarized or witnessed by a Plan representative) on forms provided by the

Fund. For purposes of the Plan, “spouse” means the person to whom you are legally married (determined under federal law).

Under certain circumstances, you may be eligible to elect to transfer your benefit from the Plan into an individual retirement account (IRA) or another eligible retirement plan that accepts rollovers, in accordance with the Plan rules. Similarly, upon your death, your spouse or beneficiary may elect to have certain types of benefits transferred from the Plan to an IRA or another eligible retirement plan that accepts rollovers. Further instructions on how to rollover your benefit into an IRA or another eligible retirement plan are included in the benefit application, a copy of which can be obtained from the Fund Office.

APPLYING FOR BENEFITS

Applications

Contact the Fund Office to obtain a benefit application and other required forms.

Complete and sign the application and other required forms as instructed. Contact the Fund Office if you need assistance.

Submit your completed application and other required forms to the Fund Office. When submitting your application, provide satisfactory proof of your date of birth and, if you are married, proof of your marriage and your spouse's date of birth.

As explained earlier in this booklet, if you are married and you wish to elect a form of benefit payment other than the joint and survivor annuity, then spousal consent is required. Such consent must be in writing and witnessed by a Plan representative or notarized by a notary public. If you are married and spousal consent cannot be obtained, you must receive a joint and survivor annuity, except in limited circumstances permitted by law (for example, you have established to the satisfaction of the Fund Administrator that your spouse cannot be located). Contact the Fund Office if you need further information.

Remember to keep the Fund Office up-to-date on your marital status and any address changes.

Small Accounts

If the value of the benefit to be paid to a Participant, spouse or beneficiary is \$5,000 or less, the Plan may, at the election of the payee, pay the benefit in a lump sum rather than in the form of an annuity. In the case of payment to the Participant, consent from the spouse will be required for a lump sum benefit.

Tax Considerations

Generally, you will have to pay federal income tax on the amount of Plan benefits that you receive. The Fund is generally required to withhold federal income tax from your benefit unless you elect (on the required Fund forms) to have no withholding. However, the Fund will not withhold income tax from amounts that you elect to have transferred directly to an IRA or another eligible retirement plan. (See “rollover” discussion earlier in this booklet.) In addition to federal taxes, you may be required to pay state or local income taxes.

Tax laws are complicated. To fully understand the tax consequences with respect to your Plan benefits, you should consult a tax advisor. The Fund Office cannot advise you on any legal or tax matters.

Claims and Appeals Procedure

Generally, in order to receive benefits from the Plan, you must complete and sign a written application for benefits and submit it to the Fund Office along with other required forms and documents. You may obtain an application package upon request to the Fund Office.

The Fund will process the application and make a decision on the application within 90 days from receipt, unless special circumstances require an additional 90 days for processing the application or claim. If such an extension is required, the claimant will be notified of the reason for the extension and the date by which the Fund expects to make a determination. If the extension is necessary due to your failure to submit information necessary for the Fund to make a determination, the period for making the determination will be tolled from the date the Fund sends notice to you until the date you respond to the Fund’s request for information.

If your application or claim is wholly or partially denied, or any other adverse benefit determination has been made, the Fund will send you a written notice of the determination that includes:

- A. the specific reason or reasons for the denial or other adverse benefit determination,
- B. the specific Plan provisions on which the denial or other adverse benefit determination is based,
- C. a description of any additional material or information you need to submit to the Fund and an explanation of why it is necessary, and
- D. a description of the procedures you should follow if you would like to request a review of your application or claim by the Fund’s Board of Trustees, and the time limits applicable to such procedures.

If your application or claim is denied, or any other adverse benefit determination is made, you (or your authorized representative) may request a review of

that determination by the Board of Trustees. All requests for review must be submitted in writing and must be sent to the Fund Office within 60 days of the date you receive the notice of denial or other adverse benefit determination.

In connection with your request for review, you (or your authorized representative) may submit information, documents, records and comments in writing for consideration by the Board of Trustees. In addition, the Fund will provide you, upon written request and free of charge, with reasonable access to (and copies of) all documents, records and other information relevant to your application or claim. The review by the Board of Trustees will take into account all comments, documents, records and other information submitted by you.

The Board of Trustees will make a decision on review at their next regularly scheduled meeting or, if the request is received within 30 days of that meeting, at the following regularly scheduled meeting. In special circumstances, the decision may be made at the third regularly scheduled meeting following receipt of the request for review, but you will be notified of such delay.

You will be notified in writing of the decision on review. If an adverse benefit determination is made on review, the notice will include: (i) the specific reason(s) for the determination, with references to the specific Plan provisions on which the determination was based, (ii) a statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to your claim, and (iii) a statement of your right to bring a civil action under Section 502(a) of ERISA. The decision of the Board of Trustees will be final and binding on all parties.

You must timely pursue and exhaust all of the claim and appeal rights described in this booklet before bringing any action at law or in equity to recover benefits under the Plan, to enforce your rights under the Plan, or to clarify your right to future benefits under the Plan.

AMENDMENT AND TERMINATION OF THE PLAN

The Board of Trustees expects to continue the Plan indefinitely. However, the Board of Trustees reserves the right, in its sole and absolute discretion, to amend, modify or terminate the Plan, in whole or in part, at any time and for any reason, in accordance with the provisions of the Fund's Trust Agreement and the Plan. If the Plan is terminated, you would still have a non-forfeitable right to your Individual Account.

PLAN INTERPRETATION/DISCRETIONARY AUTHORITY OF THE BOARD OF TRUSTEES

The Board of Trustees (and/or its duly authorized designee) has the exclusive right, power and authority, in its sole and absolute discretion, to administer, apply and interpret the Plan, including this SPD, the Plan document, the Trust Agreement establishing the Fund, and any other Plan-related documents, and to decide all matters arising in connection with the operation and administration of the Plan and Fund. No one else has any authority to interpret the Plan (or any Plan documents) or

make any promises to you about it, including any claims for benefits. Without limiting the generality of the above, the Board of Trustees (and/or its duly authorized designee) has the sole and absolute discretionary authority to:

- Take all actions and make all decisions with respect to eligibility for, and the amount of, benefits payable under the Plan;
- Formulate, interpret and apply rules, regulations and policies necessary to administer the Plan in accordance with its terms;
- Decide all questions, including legal and factual questions, relating to the calculation and payment of benefits under the Plan;
- Resolve and/or clarify any ambiguities, inconsistencies and omissions arising under the Plan, including this SPD, the Trust Agreement or other Plan documents;
- Process and approve or deny benefit claims; and
- Determine the standard of proof required in any case.

All determinations and interpretations made by the Board of Trustees (and/or its duly authorized designee) are final and binding upon all Participants, beneficiaries and any other individuals claiming benefits under the Plan. The Board of Trustees may delegate any duties or powers as it deems necessary to carry out the administration of the Plan.

OTHER INFORMATION

Information and Proof

Every person shall furnish, at the request of the Board of Trustees (or its designee) any information or proof required for the administration of the Plan or for the determination of any matter before the Board of Trustees (or its designee). Failure to furnish accurate information or proof may result in the suspension, withholding or discontinuance of benefits, and the Trustees shall have the right to recover any benefits paid in reliance on inaccurate, false or fraudulent information.

Pension Benefit Guarantee Corporation

This Plan is not insured by the Pension Benefit Guaranty Corporation ("PBGC") because it is a defined contribution plan. The coverage provided by the PBGC does not apply to this type of plan.

Non-Assignment

Except as otherwise required by law or by a Qualified Domestic Relations Order (see below), Plan benefits may not be assigned, transferred, or pledged to anyone, and Plan benefits are not subject in any manner to anticipation, alienation, encumbrance, charge or the claims of any creditors of a Participant or beneficiary.

Qualified Domestic Relations Orders

A Participant's former spouse (or other dependent) may be entitled to all or a portion of the Participant's Individual Account pursuant to a Qualified Domestic

Relations Order (“QDRO”). A QDRO is a court judgment, decree or order (including approval of a property settlement agreement) that directs the Plan to pay benefits to an alternate payee, who may be your spouse, former spouse, child or other dependent, in connection with child support, alimony or marital property rights. You will be notified if the Fund Office receives a proposed QDRO with respect to your Individual Account. You can obtain from the Fund Administrator, without charge, a copy of the Plan’s procedures for determining the qualified status of a domestic relations order.

YOUR RIGHTS UNDER THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (ERISA)

As a Plan Participant you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974, as amended (ERISA). ERISA provides that all Plan Participants are entitled to:

Receive Information About Your Plan and Benefits

- Examine, without charge, at the Fund Office and at other specified locations, such as worksites and union halls, all documents governing the Plan, including collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and an updated summary plan description. The 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 of your Individual Account balance. This statement must be requested in writing and is not required to be given more than once every twelve (12) months. The Plan must provide the statement free of charge.

Prudent Actions by Plan Fiduciaries

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 do so 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.

Enforce Your Rights

If your claim for a benefit is denied or ignored, in whole or in part, you have the right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a 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 you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in federal court. 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 a Federal court. The court will decide who should pay court costs 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 it finds your claim is frivolous.

Assistance With Your Questions

If you have any questions about your Plan, you should contact the Fund Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Fund Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.