

MID-ATLANTIC REGIONAL COUNCIL OF CARPENTERS' ANNUITY FUND

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IMPORTANT PARTICIPANT NOTICE

Special Distribution Option to Combat the Impact of Coronavirus Disease 2019 (COVID-19)

Dear Participant:

As you know, the Mid-Atlantic Regional Council of Carpenters' Annuity Plan was established to provide a retirement benefit to supplement your personal savings, social security benefits, and other pension. Nevertheless, many participants and their families face possibly dire financial circumstances as the result of job losses arising from the current coronavirus pandemic.

Coronavirus-Related Hardship Distributions

In light of this public health crisis, the Trustees have amended the Plan to permit participants who experience a coronavirus-related event between April 1, 2020 and June 30, 2020 to receive a **one-time, lump sum distribution of up to \$15,000** from their individual accounts.

A Coronavirus-Related Hardship Distribution is available to any participant:

- Who is diagnosed with the virus SARS-CoV-2 or with Coronavirus Disease 2019 (collectively referred to as COVID-19) by a test approved by the Centers for Disease Control and Prevention (CDC);
- Whose spouse or dependent (as defined in Section 152 of the Internal Revenue Code) is diagnosed with COVID-19 by such a test; or
- Who experiences adverse financial consequences due to COVID-19 resulting from –
 - Being quarantined;
 - Being furloughed, laid off, or having work hours reduced;
 - Being unable to work due to lack of child care;
 - A closing or reducing of hours of a business owned or operated by the participant; or
 - Other factors as determined by the Secretary of the Treasury.

The Fund Office will rely on participants' certifications that they satisfy these conditions.

Any funds transferred from a money purchase pension plan are not available for withdrawal under this new Plan feature. This restriction applies to the pre-merger account balances of former participants of the Carpenters Severance and Annuity Fund of Baltimore.

Favorable Tax Treatment

Coronavirus-Related Hardship Distributions:

- Are not subject to the 10% tax penalty typically applicable to early distributions.
- Are not eligible rollover distributions, meaning they are not subject to mandatory 20% income tax withholding. The Fund Office will withhold 10% of these distributions, unless participants elect otherwise.
- Will be included gross income for federal tax purposes over a 3-year period, unless participants elect otherwise. For example, if a participant takes a \$15,000 distribution, he or she would be treated as receiving \$5,000 per year for three years. The IRS is expected to issue guidance on how this rule works.
- May be re-contributed, in whole or in part, in one or more payments, to an eligible retirement plan that accepts rollovers under which you participate, within three years of receipt.

Expiration Date

This new, one-time distribution option will expire on June 30, 2020, absent extension by the Trustees.

Conclusion

The Trustees encourage all participants to take all possible precautionary measures recommended by the CDC to protect themselves and their families during this difficult period. As always, if you have any questions regarding this notice, or the benefits offered by the Fund, please contact the Fund Office.

Very truly yours,

The Board of Trustees