

# MID-ATLANTIC REGIONAL COUNCIL OF CARPENTERS' ANNUITY FUND

Fund Office: Zenith American Solutions, 6710 Oxon Hill Road, Suite 450, Oxon Hill, MD 20745  
Phone: (301) 839-8800 / 1-800-424-2707 / Fax: (301) 839-8812

## CORONAVIRUS-RELATED HARDSHIP DISTRIBUTIONS

### PART 1: APPLICATION FORM

Participants of the Mid-Atlantic Regional Council of Carpenters' Annuity Plan (Plan) may use this form to apply for a Coronavirus-Related Hardship Distribution. Please read this form carefully and completely before filling it out and returning it to the Fund Office. If any section of the Application Form is not clear, please refer to the Instructions (Part 2) or contact the Fund Office.

SECTION 1: PERSONAL DATA		
Full Name:	Local Union:	
Address:		
City:	State:	Zip Code:
Telephone:	Email:	
Social Security Number:	Date of Birth:	

SECTION 2: WHY ARE YOU ELIGIBLE?	
<b>Instructions:</b> Please indicate why you are eligible for a Coronavirus-Related Hardship Distribution.	
<input type="checkbox"/>	<b>Participant's Positive Coronavirus Test.</b> I certify that I have been diagnosed with the virus SARS-CoV-2 or with Coronavirus Disease 2019 by a test approved by the Centers for Disease Control and Prevention.
<input type="checkbox"/>	<b>Spouse or Dependent's Positive Coronavirus Test.</b> I certify that my spouse or dependent (as defined in Internal Revenue Code Section 152) has been diagnosed with the virus SARS-CoV-2 or with Coronavirus Disease 2019 by a test approved by the Centers for Disease Control and Prevention.
<input type="checkbox"/>	<b>Adverse Financial Consequences Due to the Coronavirus.</b> I certify that I have experienced adverse financial consequences due to the virus SARS-CoV-2 or Coronavirus Disease 2019 resulting from a. Being quarantined; b. Being furloughed, laid off, or having work hours reduced; c. Being unable to work due to lack of child care; d. A closing or reducing of hours of a business owned or operated by the participant; or e. Other factors as determined by the Secretary of Treasury.

SECTION 3: PAYMENT AMOUNT
<b>Instructions:</b> Please indicate your requested distribution amount.  Coronavirus-Related Hardship Distributions are one-time, single lump sum payments made between April 1 and June 30, 2020. They are limited to the lesser of the profit-sharing balance of your Individual Account and \$15,000. Funds transferred from a money purchase pension plan are not available for withdrawal in the form of a Coronavirus-Related Hardship Distribution. This restriction applies to the pre-merger account balances of former participants of the Carpenters Severance and Annuity Fund of Baltimore.

**YOUR PROFIT-SHARING BALANCE IS:**

**AS OF:**

Coronavirus-Related Hardship Distributions are limited to the lesser of the profit-sharing balance of your Individual Account and \$15,000. You cannot receive more than \$15,000 under this distribution option. If below you elect to withdraw more money than is currently available to you, you will receive the maximum available distribution.

**Payment Amount:** I elect to withdraw a portion of my Individual Account in the amount of: \$

#### SECTION 4: TAX TREATMENT AND WITHHOLDING

**Instructions:** Please indicate the amount, if any, you wish to be withheld for federal income tax.

Distributions that qualify as coronavirus-related distributions as defined in the Coronavirus Aid, Relief, and Economic Security Act will receive favorable tax treatment. Coronavirus-related distributions: (a) are not subject to the 10% tax penalty typically applicable to early distributions; (b) are not eligible rollover distributions, meaning they are not subject to mandatory 20% income tax withholding; (c) 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; and (d) will be included gross income for federal tax purposes over a 3-year period, unless you elect otherwise. The IRS is expected to issue guidance on these rules and how they apply to you.

The Fund Office will withhold 10% of your distribution, unless you elect otherwise.

- |                          |  |
|--------------------------|--|
| <input type="checkbox"/> | No withholding of federal income tax.  |
| <input type="checkbox"/> | Withholding of federal income tax at the standard 10% rate.                      |
| <input type="checkbox"/> | Withholding of federal income tax at the standard 10% rate plus an additional \$ |

#### SECTION 5: PARTICIPANT CERTIFICATION

**Instructions:** Please sign below after reading all of the information in this section. Be sure to ask the Fund Office if you have any questions.

##### **PARTICIPANT CERTIFICATION**

##### **A. Accuracy of Information and Representations.**

I hereby apply for and consent to payment of benefits, to which I believe I am entitled, from the Plan. I hereby authorize all action necessary to implement the elections made herein. I certify that the representations made in this Application Form, and any information or proof submitted with this Application Form, are true and correct. I recognize that the Plan is relying on the accuracy and completeness of such representations in making a determination on my Application for benefits, and agree to provide the Plan with any information and proof the Plan deems necessary to determine whether to grant my Application. I understand that any false statement made by me in this Application Form or any fraudulent information or proof I furnish will impede my claim. I further understand that if I have

made any false statement or provided fraudulent information or proof, I will be liable to the Plan for any penalties or expenses incurred by the Plan in relying on such statement, information, or proof. Finally, I understand that all payments are governed by the Plan Document, and I agree to reimburse the Plan for any payments not provided by the Plan Document.

**B. Waiver of the 30-Day Period.**

I hereby acknowledge that I have been given information from the Plan explaining the form of benefits options available. I understand that I am entitled to consider these options for a minimum of thirty (30) days from the date that I received this information. I also understand that I may waive this requirement and receive my benefits after seven (7) days of the receipt of this Application Package. I hereby consent to the waiver of the 30-day period and request that my distribution be made on the later of, seven (7) days following receipt of this Application Package, or the Effective Date of Benefits.

**Participant's Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

## **CORONAVIRUS-RELATED HARDSHIP DISTRIBUTIONS**

### **PART 2: APPLICATION INSTRUCTIONS**

This document provides Instructions for how to apply for a Coronavirus-Related Hardship Distribution. We encourage you to read these Instructions carefully and to contact the Fund Office if you have any questions. If, after you've reviewed these Instructions, you wish to take a Coronavirus-Related Hardship Distribution, please fill out the enclosed Application Form (Part 1 of this Application Package) and return it to the Fund Office at your earliest convenience.

#### **ELIGIBILITY AND AMOUNT**

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 Treasury.

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

#### **GENERAL INSTRUCTIONS**

- ✓ Please review the Application Package, other distribution options, and right to defer a Plan distribution carefully before completing the Application Form.
- ✓ Answer all questions that apply to you.
- ✓ Please make your answers complete and legible.
- ✓ If you do not understand any part of these Instructions or the Application Form, please contact the Fund Office.
- ✓ File the completed Application Form at the Fund Office, along with:
  - (1) A copy of your driver's license, and
  - (2) Any other documentation required by the Application Form or the Fund Office to process your Application.
- ✓ A Coronavirus-Related Hardship Distribution cannot be made until you file the Application Form and your Application is approved. Nor can it begin before the end of the seven (7) day period following the date you are provided with these Instructions.
- ✓ Once filed, by written notice to the Fund Office, you may revoke your Application at any time up to the later of the distribution is made and the end of the seven (7) day period following the date you are provided with this Application Package. After that date, it cannot be revoked.

- ✓ *Your Coronavirus-Related Hardship Distribution has important tax and legal consequences. You should consider it carefully and consult with your attorney or tax advisor before completing the Application Form.*

### **SPECIFIC INSTRUCTIONS**

The Application Form includes five (5) sections that you must fill out.

1. **Section 1: Personal Data.** Section 1 of the Application Form requires you to input your personal data so the Fund Office may identify you and verify your claim for a withdrawal.
2. **Section 2: Why Are You Eligible?** Section 2 of the Application Form requires you to indicate why you are eligible for a Coronavirus-Related Hardship Distribution by indicating whether (a) you have tested positive for COVID-19, (b) your spouse or dependent (defined in Section 152 of the Internal Revenue Code) has tested positive, or (c) you have experienced adverse financial consequences due to COVID-19.
3. **Section 3: Payment Amount.** Section 3 of the Application Form requires you to input the amount you wish to receive as a Coronavirus-Related Hardship Distribution. Coronavirus-Related Hardship Distributions are one-time, single lump sum payments between April 1 and June 30, 2020 that are limited to the lesser of the balance of your Individual Account and \$15,000. Any funds transferred from a money purchase pension plan are not available for withdrawal. This restriction applies to the pre-merger account balances of former participants of the Carpenters Severance and Annuity Fund of Baltimore.
4. **Section 4: Tax Treatment and Withholding.** Section 4 of the Application Form requires you to input your tax withholding election. The Fund Office will withhold 10% of your distribution, unless you elect otherwise.
5. **Section 5: Participant Certification.**
  - a. *Accuracy of Information and Representations.* By signing and dating the Application Form, you acknowledge that the selections you made in previous sections are true and correct to the best of your knowledge. Please read the Application Form fully before signing it.
  - b. *Waiver of the 30-Day Period.* Federal law requires that you be provided with at least 30 days from the date you receive the Application Package to the date the distribution is made to consider the option that was selected. However, you may elect to waive this 30-day minimum period and elect to have the Coronavirus-Related Hardship Distribution made after 7 days of the receipt of this Application Package. Therefore, you must sign and date the Application Form to receive the distribution before the 30-day minimum period. Please read the Application Form fully before signing it.

### **FEDERAL INCOME TAX TREATMENT AND WITHHOLDING**

Distributions that qualify as coronavirus-related distributions as defined in the Coronavirus Aid, Relief, and Economic Security Act are:

- 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. 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.

The favorable tax-treatment for coronavirus-related distributions is capped, in the aggregate, at \$100,000 per participant.

### **TIMING OF DISTRIBUTION**

Under Federal law, a Coronavirus-Related Hardship Distribution is treated similarly to other distributions available under the Plan even though a Coronavirus-Related Hardship Distribution may be paid to you before you retire or incur a separation from covered employment. Therefore, you should keep in mind that under current IRS rules:

- As previously noted, you have the right to a 30-day period after you are provided with this Application Package, other distribution options and right to defer a Plan distribution, to decide whether to apply for a Coronavirus-Related Hardship Distribution. You may waive that right by filing the Application Form within this 30-day period. See Section 5 (“Participant Certification”), Part B (“Waiver of the 30-Day Period”) of the Application Form.
- You must be provided with this Application Package, other distribution options and right to defer a Plan distribution, no earlier than 180 days before the date your Coronavirus-Related Hardship Distribution is made from your Individual Account. Accordingly, if, when you return the Application Form, the distribution cannot be made within 180 days of the date you were provided with this Application Package, the Coronavirus-Related Hardship Distribution will not be made and you will have to obtain another Application Package before you can apply for a Coronavirus-Related Hardship Distribution.

### **DISTRIBUTION OPTIONS | RIGHT TO DELAY COMMENCEMENT OF YOUR BENEFIT**

In accordance with federal law, a notice regarding other optional forms of benefit is included in the following pages of this Application Package. The following pages also describe your right to delay commencement of your benefit.

## **CORONAVIRUS-RELATED HARDSHIP DISTRIBUTIONS**

### **PART 3: DISTRIBUTION OPTIONS**

The Plan provides other distribution options in addition to the right to receive a Coronavirus-Related Hardship Distribution. This notice describes those options. This notice also describes your right to defer commencement of benefits under the Plan.

#### **BENEFITS AVAILABLE UNDER THE PLAN**

***Benefit Types.*** If you elect to receive benefits after becoming eligible, the amount to be paid shall include the value of your Individual Account as of the immediately preceding Valuation Date, plus contributions that have been received on your behalf since such Valuation Date, minus your share of the Plan's administrative expenses assessed since such Valuation Date. The sum of these amounts is known as your Accumulated Share. Benefits are payable upon the occurrence of one of the following events: (a) retirement; (b) separation from employment; or (c) disability. The following paragraphs describe the eligibility requirements for a distribution upon the occurrence of one of these events in greater detail:

1. **Retirement Benefit.** Under this Plan, "retire" means to completely withdraw from employment that is within the collective bargaining jurisdiction of the United Brotherhood of Carpenters and Joiners of America, regardless of whether you are working under a Collective Bargaining Agreement. You will be eligible for a Retirement Benefit if you: (1) retire; (2) are at least age 55; and (3) provide the Fund Office with evidence that you are receiving a pension benefit from the Mid-Atlantic Carpenters' Pension Plan or any United Brotherhood of Carpenters' Pension Plan. Otherwise, you will be eligible for a Retirement Benefit when you reach age 65 ("Normal Retirement Age") and retire.
2. **Separation Benefit.** A Severance Benefit is payable if you have permanently separated from Covered Employment. You are considered permanently separated from Covered Employment if you have not worked any hours for which contributions are required to be made to this Plan for a period of six (6) consecutive calendar months, provided that you have not returned to Covered Employment.
3. **Disability Benefit.** A Disability Benefit is payable at any age if you are totally and permanently disabled under Title II of the Social Security Act (Federal Old Age, Survivors and Disability Insurance Benefits). In determining whether a Participant is totally and permanently disabled, the Trustees solely rely on a determination by the Social Security Administration.

***Benefit Forms.*** In general, your Accumulated Share can be paid only in the form of a single lump sum. If you are a former participant of the Carpenters Severance and Annuity Fund of Baltimore, you may be able to elect other forms of benefit payments for the portion of your Accumulated Share attributable to employment prior to April 1, 2005. However, any funds transferred from a money purchase pension plan are not available for withdrawal in the form of a Coronavirus-Related Hardship Distribution. This restriction applies to the pre-merger account balances of former participants of the Carpenters Severance and Annuity Fund of Baltimore. Accordingly, this Application Package does not address pre-merger forms of benefit payments.

***Special Additional Benefits.*** A distribution may be made in the event of a "Hardship." Under this Plan, a Hardship is defined as an immediate and heavy financial need for which you lack other available resources. A distribution will be deemed to be on account of an immediate and heavy financial need only if the distribution is for: **(a)** expenses for (or necessary to obtain) medical care that would be deductible under Code Section 213(d) (determined without regard to whether the expenses exceed the applicable percentage of gross income in Code Section 213(a)), for you, your spouse, children or any of your dependents (as defined in Code Section 152) or your beneficiary under the Plan; **(b)** payments necessary to prevent your eviction from your principal residence or foreclosure on the mortgage of your principal residence; **(c)** payments necessary to rent a principal residence if you do not have a principal residence and you are unable to secure a principal residence; **(d)** costs directly related to the purchase of your principal residence (excluding mortgage payments); **(e)** payment of tuition, related educational fees, and room and board expenses, for up to the next 12 months of post-

secondary education for you, your spouse, children or any of your dependents (as defined in Code Section 152 without regard to Code Sections 152(b)(1), (b)(2) and (d)(1)(B)) or your beneficiary under the Plan; **(f)** payments for burial or funeral expenses for your deceased parent, spouse, child or dependent (as defined in Code Section 152 without regard to Code Section 152(d)(1)(B)) or your beneficiary under the Plan; **(g)** expenses for the repair of damage to your principal residence that would qualify for the casualty deduction under Code Section 165 (determined without regard to Code Section 165(h)(5) and whether the loss exceeds 10% of adjusted gross income); or **(h)** expenses and losses (including loss of income) incurred by you on account of a disaster declared by the Federal Emergency Management Agency (FEMA) under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 100–707, provided that your principal residence or principal place of employment at the time of the disaster was located in an area designated by FEMA for individual assistance with respect to the disaster.

The amount of the distribution cannot exceed the amount required to meet the Hardship (including any amounts necessary to pay federal, state or local income taxes or penalties reasonably anticipated to result from the distribution). In the case of a former participant of the Carpenters' Severance and Annuity Fund of Baltimore, the distribution cannot exceed the amount required to meet the Hardship or the Employer contributions to your Individual Account (including earnings thereon) for hours worked on or after April 1, 2005. In order to receive a Hardship distribution, you must provide a written statement specifying the nature of the immediate and heavy financial need and stating that you lack other financial resources reasonably available to you (i.e., cash or other liquid assets) to meet the financial need. The Plan may rely on representations from you concerning the need and lack of other available resources unless the Plan has actual knowledge to the contrary.

Finally, the Plan offers loans for certain specified reasons.

#### **RIGHT TO DELAY COMMENCEMENT OF YOUR BENEFIT**

Please remember that distribution of your Individual Account must be made or begin by your Required Beginning Date. Currently, your Required Beginning Date is defined as April 1 of the year following the year in which you reach age 70 ½. Please note that you have the right to defer distribution of your Individual Account until your Required Beginning Date. If you refrain from commencing your benefit, the value of your Individual Account will remain invested in the Plan. Whether you wish to defer receipt of your distribution, have all or a portion of your benefit directly rolled over into an IRA or another eligible retirement plan, or receive your benefit at this time is a matter you should consider carefully. As you consider this question, keep in mind that if you defer your receipt of benefits your account will continue to be invested by the Plan's Trustees in a diversified investment portfolio. While there are institutional fees related to these investments, such fees are generally lower than what is available to retail customers. Your account will continue to be valued on a quarterly basis and will continue to reflect investment gains and losses minus plan fees and expenses; however, your account will not be assessed any additional set-up or administration fees if you choose to defer payment and continue to maintain your Individual Account in this Plan.

#### **AUTHORITY OF THE BOARD OF TRUSTEES | PLAN TERMS PREVAIL**

The Board of Trustees has the exclusive responsibility and complete discretionary authority to control the operation and administration of the Plan, with all powers necessary to enable it to properly carry out such responsibility. For example, the Board of Trustees has the exclusive responsibility and authority to construe the terms of the Plan and to resolve all interpretative, equitable, and other questions that arise in the operation and administration of the Plan. The Board of Trustees also reviews and makes final decisions on all claims for benefits. All actions or determinations of the Board of Trustees are final, conclusive and binding on all persons.

We emphasize that the preceding portion of this Part provides a general explanation of the benefits available under the Plan. Nothing in this Part is meant to interpret, extend or change in any way the formal rules and regulations of the Plan. In case of doubt or conflict between this Application Package and the Plan document, the Plan document, as interpreted by the Trustees, will always govern.