

# Iron Workers St. Louis District Council Trust Funds

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## Important News About Your Annuity Plan

April 2020

Dear Participant:

One of our responsibilities as Trustees of the Iron Workers St. Louis District Council Annuity Trust Fund (the “Plan”) is to adopt changes to the Plan when circumstances in our industry change, in this case economic challenges due to the COVID-19 pandemic. Effective immediately, we are notifying you about an important change. These changes are possible due to new legislation recently passed under the Coronavirus Aid, Relief and Economic Security Act, or CARES Act as it is also called.

### **HARDSHIP WITHDRAWALS**

#### ***Changes to the Qualifying Events for Hardship Withdrawals through December 31, 2020***

The Plan is established to primarily assist with your goals for financial well-being at retirement. We urge you to consider other means of income replacement besides selling investments for retirement when the markets are down, and losses may be realized upon distribution. We are aware, however, that many people have been experiencing financial challenges due to current economic conditions and may have no other place to turn. As a result, we are announcing the following temporary changes to the situations that will allow a hardship withdrawal through December 31, 2020:

#### **New COVID-19 qualifying hardships temporarily added to the Plan through December 31, 2020**

- A “Qualified Individual” for this hardship provision is defined by the CARES Act. Qualified Individuals include:
  - Those diagnosed with the virus SARS-CoV-2 or with the coronavirus disease (COVID-19) by a test approved by the Centers for Disease Control and Prevention (CDC);
  - A Spouse or Dependent has been diagnosed with COVID-19 by a test approved by the CDC;
  - You are experiencing adverse financial consequences as a result of being quarantined, furloughed or laid off or having work hours reduced due to COVID-19;
  - You are unable to work due to lack of childcare due to COVID-19; or
  - A business you own or operate by yourself has reduced hours or closed due to COVID-19.
- **Hardship withdrawals remain subject to a maximum limit.**
- For COVID-19 hardship withdrawals, the withdrawal amount cannot be more than the lesser of 50% of the available balance or \$25,000 total gross amount. The Fund Office is available to assist in determining your available balance.
- You may take more than one COVID-19 hardship withdrawal prior to December 31, 2020, but the aggregate amount of all COVID-19 withdrawals cannot exceed \$25,000 under this Plan.
- COVID-19 hardship withdrawals will not count toward the number of lifetime hardship withdrawals available under the Plan.

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## **CARES Act Hardship Withdrawals are Subject to Special Tax Withholding Rules**

- COVID-19 hardship withdrawals are exempt from the mandatory 20% income tax withholding requirements. Instead, the default tax withholding for a COVID-19 hardship withdrawal is 10%. However, you may elect to have another amount withheld or no withholding on the election form.
- The Fund Office has additional details and a CARES Act hardship distribution application form, which includes the same consent requirements as required for any hardship withdrawal.
- There are special Federal Tax rules that apply to COVID-19 hardship withdrawals. You should consult your tax advisor or the IRS.gov web site for those rules.

## **Repayment of the CARES Act Hardship Withdrawal is Optional**

- You are not required to but may elect to repay a COVID-19 hardship withdrawal to the Plan within three years of the distribution. This allows tax deferred earnings on the amount you repay to stay on track with our retirement income goals.
- Contact the Fund Office for details on the repayment option if interested.

## **How It Works**

To request a COVID-19 hardship withdrawal, contact the Fund Office to obtain an application. Submit a completed application and any required supporting documentation to the Fund Office. A processing fee of \$300 will apply for each application regardless of whether or not a request is approved.

If you are married, your spouse must provide written consent for the withdrawal, witnessed by a Notary Public. Some states have allowed for remote notaries during the pandemic. If you are not married, you must submit an affidavit verifying you are unmarried. The Fund Office will review your application and make a decision. If your request is approved, your withdrawal will be processed as soon as administratively feasible.

## **Additional Guidelines and Rules**

- COVID-19 hardship withdrawals are taxable distributions but can be spread out over three tax years.
- COVID-19 hardship withdrawals are only available through December 31, 2020.
- All COVID-19 hardship withdrawals must comply with regulations set by the Internal Revenue Code and IRS.

## **A FINAL NOTE**

After reviewing this announcement carefully, you should share it with your spouse. Keep this with other important Plan information so you can easily refer to it in the future. Please contact the Fund Office if you have any questions.

Sincerely,

The Board of Trustees

*This announcement, which serves as a Summary of Material Modifications, contains only highlights of recent changes to the Iron Workers St. Louis District Council Annuity Trust Fund. Full details are contained in the documents that establish the provisions for the Plan. If there is a discrepancy between the wording here and the documents that establish the Plan, the language in the documents will govern. The Trustees reserve the right to amend, modify, or terminate the Plan at any time.*