

DATE: April 2020  
TO: All Participants in the Cornell Hart Pension Plan  
FROM: Board of Trustees  
RE: **Summary of Material Modifications to the April 1, 2018 Summary Plan Description – PLEASE READ. THIS NOTICE REVIEWS CHANGES DUE TO COVID-19**

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### **Introduction**

You may be eligible for increased access to your Cornell-Hart plan account pursuant to changes adopted by the Trustees as authorized by the CARES Act. Please read below for more detail to see if you qualify for assistance and the type of assistance that is available for those most impacted by COVID-19.

The Employee Retirement Income Security Act requires a Summary of Material Modifications be distributed to describe any material change to the information in the April 1, 2018 Summary Plan Description. This document is a Summary of Material Modifications to the April 1, 2018 Summary Plan Description. If you cannot locate your April 1, 2018 Summary Plan Description, call the Administrative Office at (800) 547-4457 and request a copy.

On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. The CARES Act contains provisions that may offer additional relief through your retirement plan. In response, the Board of Trustees have made the following changes to the Plan.

It may be tempting to access your long-term retirement savings to help you through difficult times, especially when your personal financial situation may be tight due to circumstances beyond your control. The Board of Trustees ask that you consider all sources of income before relying on your Cornell Hart Pension Plan, as it is an important part of your long-term future retirement.

### **Changes to the April 1, 2018 Summary Plan Description**

The primary changes to the April 1, 2018 Summary Plan Description described in this notice are as follows:

- Adopt temporary rules for Distributions, Loans, and Required Minimum Distribution as authorized by the CARES Act; and
- Updates to reflect the SECURE Act changes (adopted at the end of 2019) and additional house-keeping changes.

The changes are detailed below.

### **DEFINITION OF QUALIFIED INDIVIDUAL**

Under the temporary CARES Act provisions relating to distributions and loans, you are considered a Qualified Individual, if you satisfy one of the following and provide a written statement certifying that:

- You are diagnosed with the virus by a medically approved test from a healthcare provider; or
- Have a spouse or dependent who is diagnosed with the virus by a medically approved test from a healthcare provider; or
- Experience adverse financial consequences as a result of being quarantined, being furloughed or laid off or reduced work hours, being unable to work due to lack of childcare, or other factors as determined by the Secretary of Treasury.

### **CORONAVIRUS RELATED DISTRIBUTION (“CRD”)**

Effective for the period of January 1, 2020 through December 31, 2020, certain Qualified Individuals may take a Coronavirus Related Distribution withdrawal(s) not to exceed \$100,000 in total from all qualified plans. This is only available from your 401(k) account, unless you are age 59 1/2. If you are a former Local 970 member, you may also take a CRD from your legacy employer funded account if you are at least age 59 1/2. Such distributions are still subject to ordinary income tax, which may be spread over three years (to the extent not repaid) unless you elect otherwise. CRD payments will not be subject to early withdrawal penalty of 10%, which generally applies to participants under age 59½. A CRD payment may be repaid within three years after the date on which you receive the CRD. Only the amount received (no earnings) can be paid back. The distribution amount can be repaid in one lump sum or in multiple payments to the Plan. To receive this type of distribution, you must meet the definition of Qualified Individual and complete a CRD application. Distribution fees will be waived for CRD payments. Please access your account via the Empower website [www.empower-retirement.com](http://www.empower-retirement.com) to complete a CRD application form.

### **DEFERRED LOAN REPAYMENTS**

Effective March 27, 2020 through December 31, 2020, certain Qualified Individuals who have a Plan loan(s) outstanding on or after March 27, 2020 may have their loan payments deferred for up to one year, or 12 monthly repayments. Your loan term will be extended by up to one year and your remaining payments will be adjusted to reflect the delay in repayment. Your loan(s) will continue to accrue interest during the deferment that you will still be required to pay after the

deferment period ends, and normal loan maintenance fees will apply. Please contact the Trust Office if you are interested in deferring your loan repayments.

### **INCREASED LOAN MAXIMUM**

For new loans issued on or after March 27, 2020 and no later than September 22, 2020, a Participant may take a loan for the lesser of \$100,000 (reduced by the highest outstanding loan balance in the preceding 12 months) or 100% of the present value of the Participant's vested account balance. Normal limits are \$50,000 or 50% of account balance. To model or apply for a new loan, please access your account via the Empower website at: [www.empower-retirement.com](http://www.empower-retirement.com).

### **REQUIRED MINIMUM DISTRIBUTION ("RMD") FOR 2020**

All required minimum distributions that would have been due in 2020 may be waived. The waiver applies to both 2019 required minimum distributions due by April 1, 2020 and the required minimum distributions due by December 31, 2020, or for a Participant's initial RMD payment due April 1, 2021. If you receive a required minimum distribution in 2020, then such distribution is eligible for rollover. The Trust Office will assume your 2020 RMD will be waived unless you request a distribution by contacting the Trust Office.

### **SECURE Act**

Under the Secure Act the required minimum distribution rules have changed. The change adopts the new required beginning date of April 1 after attaining age 72. This applies to anyone who turns age 70 ½ in 2020 or later. It also reflects the required change that the post-death payments to most non-spouse beneficiaries must not exceed 10 years.

### **HOUSEKEEPING UPDATES**

**Elective Deferral Amounts:** There is no limit per hour dollar contributions. The contribution limits are the IRS limits of \$19,500, plus another \$6,000 for participants over the age of 50.

**Divorce Revoking Beneficiary Form:** The Plan has provided that a divorce revokes a beneficiary form naming the ex-spouse. This also includes children and relatives of an ex-spouse, unless they are also the children or relative of the participant.

**Increased Amount of Voluntary Cash-Out:** An inactive participant must generally wait until retirement to receive a distribution. As an exception to this rule the Trustees approved increasing the cash-out option for participants with account \$10,000 or less.

**Safe Harbor Contribution Requirements:** A portion of an Employer's Contribution paid on a Participant's behalf to the International Brotherhood of Electrical Workers District No. 9 Pension

Plan equal to three percent (3%) of each Non-Highly Compensated Participant's Compensation shall be a safe harbor nonelective Contribution on behalf of the Participant.

**Updated Investment Options:**

- IBEW-NECA Stable Value Investment Fund
- Dodge & Cox Income
- Ferguson Wellman Moderate Balanced Fund
- Ferguson Wellman Aggressive Balanced Fund
- Vanguard 500 Index Admiral
- Vanguard Small-Cap Index Fund
- American EuroPacific Growth Fund
- Nuveen Real Estate Securities Fund I
- T. Rowe Price LifeCycle Retirement Funds (includes Retirement Balanced Fund)

**Conclusion**

If you have any questions regarding this Summary of Material Modifications, contact the Trust Office at [www.cornellbenefits.org](http://www.cornellbenefits.org).