



# SHEET METAL WORKERS' LOCAL UNION NO. 80 FRINGE BENEFIT FUNDS

P.O. Box 1408 / Troy, MI 48099-1408 / (248) 641-4980 (800) 400-7710

*July 8, 2014*

**TO:** All Participants in the Sheet Metal Workers' Local Union No. 80 Annuity Fund

**RE:** **New Hardship Distribution Feature**

The Board of Trustees is pleased to announce that, effective June 1, 2014, the Plan has been amended to add a new hardship distribution feature.

Enclosed with this cover letter is a documentation of "Frequently Asked Questions" providing information about the hardship distribution benefit. For further information on the hardship benefit, or to request a hardship distribution application, contact the Fund Office at (248) 641-4980 or (800) 400-7710.

Sincerely,

*Board of Trustees  
Sheet Metal Workers' Local Union No. 80 Annuity Fund*

## FREQUENTLY ASKED QUESTIONS Regarding Hardship Distributions

QUESTION: What types of immediate and heavy financial needs are eligible for hardship distributions?

ANSWER: You can obtain a Hardship Distribution, with the proper documentation and proof, if you have an immediate and heavy financial need for one of the following six (6) reasons:

- Deductible expenses for medical care previously incurred by the participant, the participant's spouse, or the participant's dependents or necessary for them to obtain medical care;
- Costs directly related to the purchase of the participant's principal residence (excluding mortgage payments);
- Payments necessary to prevent the eviction from, or foreclosure on a mortgage of, the participant's principal residence;
- Payment of tuition, related educational fees, and room and board expenses, for the next 12 months of post-secondary education for the participant, his spouse, children, or legal dependents;
- Funeral or burial expenses for the participant's spouse, parent, child or legal dependent not covered by the deceased's life insurance; or
- Expenses for the repair of damage to the participant's principal residence (that qualify for the casualty deduction under the Internal Revenue Service)

QUESTION: What types of financial needs are NOT eligible for hardship distributions?

ANSWER: Plan provisions do not allow hardship distributions for anything other than the reasons listed in the answer above. Some examples of financial needs that are NOT ELIGIBLE are: overdue credit card, utility, phone, or cable bills; automotive repairs, purchase or lease, registration or insurance; vacations; routine maintenance or repairs to your principal residence; funeral luncheons; mortgage payments; legal fees.

QUESTION: Will I be responsible for all of the taxes for this distribution, including the 10% excise tax?

ANSWER: YES. You can make elections about withholding, and you can request that your hardship distribution be net of your federal income tax withholding obligation only, but there are other taxes to which you could be subject. *You are strongly encouraged to consult with a professional tax advisor before applying for this distribution – you are solely responsible for your tax obligations.*

QUESTION: Am I allowed to take future hardship distributions from this Fund?

ANSWER: YES, if you are qualified at that time. **But you are limited to one hardship distribution per 12-month period.**

QUESTION: How much can I take out of my account?

ANSWER: You may take as much as is needed to address your hardship. **However, the amount that may be distributed to you cannot exceed the actual amount of your financial need and the resulting taxes – you are required to provide proof of this amount.** Also, employer contributions based on work you performed less than twenty-four months prior to the first day of the month immediately preceding the date of the hardship distribution and/or based on work you performed prior to January 14, 2004, including any earnings on those contributions, are not available for a hardship distribution.

QUESTION: Is there an application fee?

ANSWER: NO.

QUESTION: Is this distribution considered a loan from my account? Do I have to pay it back? Can I pay it back if I want to?

ANSWER: NO. This is NOT a loan from your account. It is a special type of distribution from your account as defined by the IRS. You cannot pay it back.

QUESTION: Why do I have to certify that I have exhausted all other methods of resolving this financial need?

ANSWER: The IRS is very strict regarding non-retirement distributions from a profit sharing fund. Because this money is meant to provide you with regular income at the time of your retirement, it is necessary to protect these assets with strict regulations and controls. The IRS determines the conditions under which you may obtain a Hardship Distribution. One of those conditions is to encourage you to seek other financial means to resolve this need, such as savings, annuity fund loan, consumer loans, reimbursement from insurance companies, etc. The application contains a Certification of Hardship, which you must sign in front of a notary public, certifying that you have exhausted all other means of resolving this financial need.

QUESTION: Must the entire application form be completed?

ANSWER: If you are currently married, YES, every form of the application must be completed. If you are single, every form must be completed EXCEPT for the Spousal Consent Form.

QUESTION: Is my spouse involved when I take a hardship distribution from my Accrued Benefit Account?

ANSWER: YES. No hardship distribution may be granted unless your spouse consents, in writing, before a notary public or a Fund representative. Your spouse's consent must be given no sooner than 30 days and no longer than 90 days prior to the date the hardship distribution is issued.

QUESTION: What if my spouse had died or I am divorced?

ANSWER: If your spouse is deceased, you must present the Fund Office a certified copy of the death certificate. If you are divorced, you must present the Fund Office a true copy of your divorce decree, which will be reviewed to see if your spouse was granted any interest in your benefit.

QUESTION: I am married. Does my spouse have to complete the Spousal Consent Form?

ANSWER: YES. This is REQUIRED.

QUESTION: If I am single, do I have to complete the Certification of Marital/Single Status Form?

ANSWER: YES. All applicants are required to complete this Form.

QUESTION: I was previously married, but it was many years ago or did not last long, do I still have to submit the Judgment of Divorce from that marriage?

ANSWER: YES. The Fund Office is required to verify whether ANY ex-spouse has been awarded a portion of your account. The only way for us to verify this is to review all Judgments of Divorce, Qualified Domestic Relations Orders and Property Settlement Agreements that you may have, *even if the divorce occurred prior to your participation in the Annuity Fund.*