

# NORTHERN CALIFORNIA PIPE TRADES TRUST FUNDS FOR UA LOCAL 342

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APRIL 2020

TO: ACTIVE PARTICIPANTS

RE: SUMMARY OF MATERIAL MODIFICATIONS TO THE NORTHERN CALIFORNIA PIPE TRADES SUPPLEMENTAL 401(k) RETIREMENT PLAN (“PLAN”)

Given the seriousness of the COVID-19 pandemic and the effect on Plan Participants, the Board of Trustees has added a temporary COVID-19 Distribution provision to the Plan that will terminate on June 30, 2020.

## ENTITLEMENT TO BENEFITS – PLAN AMENDMENT

### Subsection 6.2 (l) of Section 6 – Involuntary Termination of Employment – COVID-19 Distribution Effective March 1, 2020, through June 30, 2020

The Board of Trustees has added a temporary COVID-19 Distribution to the Plan:

- (l) **Involuntary Termination of Employment due to COVID-19.** Effective March 1, 2020, through June 30, 2020, a Participant who is involuntarily terminated from Covered Employment as a result of the impacts of COVID-19 is entitled to a distribution of up to one-half (1/2) of his or her Individual Account balance with the Plan, up to a maximum gross distribution amount of \$20,000. This distribution is to be consistent with a “Coronavirus-Related Distribution” as defined in the Coronavirus Aid, Relief, and Economic Security Act (known as the “CARES” Act). A Coronavirus-Related Distribution will be permitted for any of the following reasons:
- A Participant who is diagnosed with the virus SARS-CoV-2 or with Coronavirus Disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and Prevention; or
  - A Participant whose Spouse or Dependent (as defined in section 152 of the Internal Revenue Code of 1986) is diagnosed with such virus or disease by such a test; or
  - A Participant who experiences adverse financial consequences as a result of being quarantined; being furloughed or laid off; being unable to work due to lack of child care due to such virus or disease; closing of a business owned or operated by the individual due to such virus or disease; or other factors as determined by the Secretary of the Treasury (or the Secretary’s delegate).

The maximum gross distribution amount of \$20,000 can be made in up to two (2) distribution requests. In order to qualify, a Participant must:

- Not have worked in Non-Covered Employment in the Pipe Trades Industry for a non-signatory Employer; and
- Have been involuntarily terminated from employment as result of the COVID-19 pandemic and remain unemployed on the date the distribution is made.

**Taxes, Waiver of Premature Tax Penalties during 2020 and Tax Withholding.** You will be responsible for paying ordinary taxes on the Coronavirus-Related Distribution. Fortunately, Congress amended the law to eliminate the IRS 10% premature tax penalty for such early distributions during 2020 and does not require a mandatory 20% withholding on the distribution. You may elect to withhold any amount you want (otherwise the tax withholding will be 10%). This includes electing to withhold no taxes.

The state of California has amended the law to eliminate the 2.5% premature state tax penalty for early distributions during 2020.

While the distribution is subject to ordinary income tax, you can choose to include one-third (1/3) of the taxable amount in your income each year for three (3) consecutive years in order to spread the tax burden over a longer period. You are encouraged to consult with a Tax Advisor regarding this matter.

**Option to Repay the Plan During Three-Year Period Following Distribution.** In addition, if you wish, you have the right to repay the distribution to the Plan at any time during the three (3) year period beginning on the day after the date on which your Coronavirus-Related Distribution is received by you. If you do not repay the distribution within the three (3) year repayment period, then you lose the opportunity to repay the distribution. The repayments may be made in one or more installments which in the aggregate may not exceed the total amount of the Coronavirus-Related Distribution made to you. You are encouraged to consult with a Tax Advisor regarding the repayment option.

The ability to take a distribution pursuant to this provision terminates as of June 30, 2020, unless extended by the Board of Trustees. Please contact the Distribution Administrator, Kaufmann & Goble, at 800/767-1170 if you have any questions.

IN ACCORDANCE WITH THE REQUIREMENTS OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), THIS DOCUMENT SERVES AS A SUMMARY OF MATERIAL MODIFICATIONS (“SMM”) TO THE PLAN AND SUPPLEMENTS THE RESTATED SUMMARY PLAN DESCRIPTION (“SPD”) THAT HAS BEEN SEPARATELY PROVIDED TO YOU. YOU SHOULD RETAIN THIS DOCUMENT WITH YOUR COPY OF THE RESTATED SPD BOOKLET.

Respectfully submitted,

Fund Manager  
On Behalf of the Board of Trustees