

Pension Plan for the Local Union No. 131 International Brotherhood of Electrical Workers

AN UPDATE TO THE SPECIAL DISTRIBUTION OPTION FOR INDIVIDUALS AFFECTED BY CORONAVIRUS

You previously received a notice from the Trustees of the Pension Plan for the Local Union No. 131 International Brotherhood of Electrical Workers (the “Plan”) stating that the Plan was amended to allow individuals affected by the coronavirus pandemic to receive certain benefit distributions. The Plan was initially amended to allow individuals affected by coronavirus to take advantage of preferential tax treatment if they are otherwise eligible for a hardship withdrawal or in-service distribution of their rollover account.

The Plan has now been further amended to allow a distribution of up to \$10,000 for participants affected by the coronavirus. In addition, the IRS has now provided guidance that any individual affected by the coronavirus who receives a distribution from January 1, 2020 through December 31, 2020 may be able to take advantage of preferential tax treatment when receiving a distribution.

Coronavirus Related Distribution. If you certify that you are affected by SARS-CoV-2 or COVID-19, as described below, then you may elect to receive a distribution, not to exceed \$10,000. The distribution option is available through December 31, 2020.

Coronavirus related distributions are not subject to the 10% early withdrawal penalty assessed for distributions received by participants prior to attaining age 59½. Additionally, rather than being taxed at the time you receive the distribution, the distribution could be included in your gross income for federal income tax purposes over a three-year period, unless you elect otherwise. For example, if you receive a distribution of \$9,000, you could be treated as having received \$3,000 for three years. You can elect to have 10% of your distribution withheld for payment of federal income taxes.

You will be permitted to repay your distributions to the Plan in whole or in part within three years of the receipt of each distribution. You are not obligated to repay any portion of your distributions. Any portion of the distributions that you repay will offset your taxable income.

Preferential Tax Treatment Available to All Distributions. If you elect to receive a distribution from January 1, 2020 through December 31, 2020 and you are affected by the coronavirus as outlined below, then you may be eligible to reclassify your distribution as a coronavirus related distribution when filing your federal income taxes. A distribution classified as a coronavirus related distribution will not be subject to the 10% federal early withdrawal penalty assessed for distributions received by participants prior to attaining age 59½.

Additionally, rather than being taxed at the time you receive the distribution, the aggregated total of all distributions that you receive in 2020 could be included in your gross income for federal income tax purposes over a three-year period, unless you elect otherwise. You will be responsible for properly reporting the distributions that you receive as coronavirus related distributions on your federal income tax filings.

This preferential tax treatment is only available to the first \$100,000 distributed from the Plan. Any amount that you receive in excess of \$100,000 will be included in your taxable income in the year you received the distribution and subject to the 10% early withdrawal penalty, if applicable.

Eligibility for Coronavirus Related Distributions. You are eligible for a coronavirus related distribution or this preferential tax treatment on any other distribution received from the Plan in 2020 if you certify with your individual tax filing for 2020 that:

- You were diagnosed with coronavirus;
- Your spouse or dependent was diagnosed with coronavirus; or
- You are experiencing adverse financial consequences due to being quarantined, being laid off, being furloughed, experiencing a reduction in hours, or being unable to work due to lack of childcare as a result of coronavirus.

The Plan will only request this certification when you request the new \$10,000 coronavirus distribution, hardship distribution, or rollover distribution on or before December 31, 2020. You are responsible for making such a certification on your federal income tax filing when reclassifying any other distribution as a coronavirus related distribution.

If you have questions regarding this notice or any benefit offered by the Plan, please contact the Fund Office. You may also obtain the required application forms for this distribution from the Fund Office.

Sincerely,

Your Board of Trustees

This notice, which serves as a Summary of Material Modifications (SMM), contains only highlights of certain features of the Plan. Full details are contained in the documents that establish the plan provisions. If there is a discrepancy between the wording here and the documents that establish the plan provisions, the Plan document will govern.