



Joint Plumbing Industry Board Plumbers Local Union No.1 Trust Funds



Welfare Fund • Trade Education Fund • Additional Security Benefit Fund • 401(k) Savings Plan

Michael Apuzzo, Co-Chairman - Labor

Walter Saraceni, Administrator

Eugene S. Bocchieri Co-Chairman - Management

April 21, 2020 (REVISED)

To: All Participants of the Plumbers Local Union No. 1 Employee 401(k) Savings Plan

Re: New Coronavirus-Related Distributions Effective May 1, 2020

We hope this finds you and your loved ones all safe, healthy, and well.

For many of us, we're adjusting to a "new normal" as our jobs, families, and lives are impacted by COVID-19. If you're feeling uncertain about what's next and how to manage your money, know you're not alone.

The Plumbers Local Union No. 1 Employee 401(k) Savings Plan (Plan) is here to help. Our continuing goal, as always, is to help you save for the long term so that you can have a secure retirement. However, we recognize that you may need to prioritize managing your short-term financial needs in the current situation. And, if that's the case, we're here to provide you with important information and resources you'll need to make the best decisions for you and your loved ones.

On March 27, 2020, the Government signed into law a stimulus package — the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) — to address the nationwide financial impact of the Coronavirus. Among other things, the CARES Act offers several relief programs for individuals, such as direct cash payments to eligible individuals, temporary federal student loan relief, enhanced unemployment benefits, and expanded access to retirement accounts. The retirement provisions of the CARES Act permit the Trustees to amend the Plan to provide eligible participants with increased access to their account balances (*with more favorable tax treatment and a waiver of a 10% penalty otherwise applicable to early distributions*) during these unprecedented and extremely challenging times. The CARES Act also allows participants who would otherwise be required by law to receive a minimum required distribution (MRD) from their accounts in 2020 due to their age to defer such distribution to allow the markets additional time to recover. The following "Frequently Asked Questions" (FAQs) describe these changes. Because the CARES Act was enacted so quickly, there are open questions on a few aspects of its retirement plan provisions, and we expect additional guidance from the Government clarifying certain issues. We will provide updates as available.

In addition to the below FAQs, a webinar has been scheduled for **Thursday, April 30th at 5:00 p.m. to 6:00 p.m.** You can join our webinar from a computer, tablet or smartphone, go to ua1.retirepru.com to access the URL from the News & Announcements section, or **For Audio Only: join by phone by calling 1-855-282-6330, Access code: 745 204 285.** Representatives from Prudential Retirement® and Morningstar Investment Advisors will provide insight about the impact of the COVID-19 pandemic on the markets, and how it can impact your retirement planning. They will also discuss how the CARES Act may help, and answer questions you may have.

Coronavirus-Related Distributions

1. What is a Coronavirus-Related Distribution?

As you know, in accordance with federal law, the Plan permits you to access your account balance in normal circumstances upon certain events, such as termination of employment, retirement, disability, and the occurrence of certain hardships. The CARES Act expands the options for accessing your account balance by loosening restrictions on early withdrawals from retirement accounts for eligible individuals. Specifically, the CARES Act adds a new distribution – called a "**Coronavirus-Related Distribution**" (CRD) – which will be available for a limited time. It differs in important ways from the other types of distributions available under the Plan.

2. What is the maximum amount I can take for Coronavirus-Related Distributions?

\$25,000 in total, regardless of the number of Coronavirus-Related Distributions you take.

3. Why is the Coronavirus-Related Distribution limit for this Plan \$25,000?

The decisions whether to add a Coronavirus-Related Distribution, and the amount of such distribution, are decisions made by each plan sponsor. As explained in FAQ #4 below, there are significant downsides to withdrawing retirement account money before retirement, even after considering the tax and penalty relief offered by the CARES Act. This is especially true in times of extreme market volatility as currently exists. Because of the financial harm that early withdrawals can cause to your retirement security, the Trustees have determined to provide up to \$25,000 in Coronavirus-Related Distributions. However, based upon the level of Covered Employment in the months to come and the overall economic recovery, the Trustees will review this limit in the months to come to determine if the current maximum of \$25,000 should be changed.

4. What should I consider before accessing your retirement savings?

We understand it's difficult to maintain a long-term focus right now when it feels like things are changing daily. But we encourage you to keep your retirement savings goals on track, as much as possible, so you can build a stronger financial future. Here are some things to consider:

- The money you take out from your retirement savings loses its potential to grow for you. It can put a permanent dent in your account balance, as compounding is one of the most powerful tools to boost retirement savings.
- Withdrawing savings during a down market may limit your ability to recover your losses. If your retirement investments have experienced losses as a result of the recent market downturn, selling them now will "lock in" your losses.
- You may need to pay tax on the money you withdraw. Although the CARES Act provides for a waiver of the 10% early withdrawal penalty on Coronavirus-Related Distribution, you'll still owe ordinary income taxes on the withdrawal although you may spread your tax liability over three years. (If you repay the CRD within three years, then you will not have tax liability.) See below FAQ-14 for information on repayment provisions permissible under the CARES Act.

5. Is there a limit on the number of Coronavirus-Related Distributions I may take?

No. Although you may not take more than \$25,000 in total withdrawals for Coronavirus-Related Distributions, you may take as many Coronavirus-Related Distributions as you choose. We recognize that this is a time of great uncertainty and that it may be difficult to determine the extent of your financial need at this time. By not limiting the number of Coronavirus-Related Distributions available to you through the end of 2020, you may apply to take out the smallest amount possible to meet your initial needs while knowing that you can take additional distributions if necessary.

6. When can I apply for a Coronavirus-Related Distribution?

Prudential Retirement will begin accepting applications for Coronavirus-Related Distributions on **May 1, 2020**. You can visit <http://ua1.retirepru.com/>, forms & documents section to obtain an application or call Prudential Retirement at 877-PRU-2100 (877-778-2100). Representatives are available weekdays, from 8 a.m. to 9 p.m. ET. An automated voice-response system is available 24/7.

7. What is the deadline for applying for a Coronavirus-Related Distribution?

Prudential Retirement must receive a completed application for Coronavirus-Related Distributions in good order by no later than 4:00 p.m. Eastern Time on or before December 28, 2020.

8. What are the eligibility requirements for a Coronavirus-Related Distribution?

In order to be eligible for a Coronavirus-Related Distribution, you must be an individual:

- a. who is diagnosed with SARS-CoV-2 or COVID-19 by a test approved by the Centers for Disease Control and Prevention ("CDC");
- b. whose spouse or dependent is diagnosed with SARS-CoV-2 or COVID-19 by a test approved by the CDC; or
- c. who experiences adverse financial consequences as a result of:
 - i. being quarantined,
 - ii. being furloughed, or laid off or having hours reduced due to such virus or disease, or
 - iii. being unable to work due to lack of child care due to such virus or disease, closing or reducing hours 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.

9. What are the documentation requirements for a Coronavirus-Related Distribution?

Contact Prudential Retirement at 1-877-778-2100 or visit <http://ua1.retirepru.com/>, forms & documents section to obtain an application for a Coronavirus-Related Distribution. The CARES Act allows the Fund to rely on your certification that you satisfy the above-listed conditions for a Coronavirus-Related Distribution. Be mindful that the Plan requires that all information provided in connection with an application for benefits must be accurate. The provision of false information is a basis for denial of an application as well as for recovery of benefit payments made in reliance on such false information.

10. Is a Coronavirus-Related Distribution subject to an additional 10% penalty if I am younger than age 59½?

No.

11. Is a Coronavirus-Related Distribution subject to a mandatory 20% withholding?

No, but Coronavirus-Related Distributions will default to 10% federal income tax withholding, unless you elect otherwise. Some states also require withholding from the taxable portion of your distribution if federal income tax is withheld. While you can elect to not have federal income tax withheld from a distribution, you may want to consider defaulting to the 10% federal income tax withholding or a greater number of withholdings at the time of the distribution to reduce the amount of income tax due later.

12. Is a Coronavirus-Related Distribution subject to any taxes?

Yes. The amount of taxes you owe will be based on your income. Under a special rule, you may spread the amount of the Coronavirus-Related Distribution over three taxable years, rather than having to include the entire Distribution in your income for 2020. You are not required to spread your income over three years but the option to do so may help you to manage the taxes associated with a Coronavirus-Related Distribution.

For example, if you withdraw \$10,000 and you are in the 22% tax bracket, your income tax liability due will be approximately \$2,200. If you do not withhold any taxes at the time of the distribution, you will be responsible for the income tax when you file your taxes, but you may spread it over three taxable years.

13. Am I required to repay a Coronavirus-Related Distribution?

No.

14. Am I permitted to repay a Coronavirus-Related Distribution?

Yes. Although other types of distributions cannot be repaid to the Plan, the CARES Act allows you to reimburse your account balance via one or more payments in a total amount not to exceed the amount of your total Coronavirus-Related Distributions. You may make such reimbursement at any time during the three-year period after you receive your Coronavirus-Related Distribution. As stated above, because the CARES Act was enacted so quickly, there are open questions on a few aspects of its retirement plan provisions, including repayment provisions, and we expect that the Government will issue additional guidance clarifying certain issues. We will provide updates as available.

Coronavirus-Related Distributions & Eligibility for Unemployment Insurance

15. Is it possible that I may be ineligible for Unemployment Insurance if I receive a Coronavirus-Related Distribution?

Yes. Because a Coronavirus-Related Distribution is considered “income,” it could affect your eligibility to receive unemployment benefits. Each state sets its own unemployment insurance benefits eligibility guidelines. ***You should carefully review your state’s rules and latest updates on Unemployment Insurance before you act.*** You may also wish to check with your tax advisor.

16. What information is available on the New York State website regarding retirement plan distributions and Unemployment Insurance?

Please visit New York State’s website at <https://labor.ny.gov/ui/claimantinfo/dismissal-severance-pensions-faq.shtm#0> for information on pensions and unemployment.

17. Where can I get information on New Jersey’s rules regarding retirement plan distributions and Unemployment Insurance?

Please visit New Jersey’s website at <https://myunemployment.nj.gov/help/faqs/reducebenefits.shtml> for information on pensions and unemployment.

18. Before taking a Coronavirus-Related Distribution should I take advantage of the investment education tools provided by Prudential Retirement and investment advice services provided by Morningstar® Retirement ManagerSM?

If you find yourself considering applying for a Coronavirus-Related Distribution, or if you want to review your current investment asset allocation, we recommend that you consider taking advantage of the investment education tools provided by Prudential Retirement and investment advice services provided by Morningstar® Retirement ManagerSM. You can schedule a virtual session with a Prudential Retirement Counselor, or visit <http://ua1.retirepru.com/> to learn more about the CARES Act, market volatility, and how to manage retirement accounts quickly online. You may also want to consult with a financial advisor to discuss whether there are better alternatives for you than a Coronavirus-Related Distribution.

19. I have decided to apply for a Coronavirus-Related Distribution. Who should I contact?

Contact Prudential at 877-PRU-2100 (877-778-2100) Representatives are available weekdays, from 8 a.m. to 9 p.m. ET. An automated voice-response system is available 24/7. You can also visit <http://ua1.retirepru.com/>.

Temporary Waiver of Required Minimum Distribution Rules

1. Based on my age, I am required by law to receive a Required Minimum Distribution from my account. I do not want to withdraw any money from my account until the market has a chance to recover. Is there any relief for me?

Yes. For those who turned 70½ in or before 2019, you would normally be required to take a Required Minimum Distribution (RMD) from your account. The Trustees have directed Prudential Retirement to discontinue automatic 2020 RMD payments not already made. Under the CARES Act, RMDs are no longer required for the remainder of 2020. If you would still like to take your 2020 RMD, please contact Prudential Retirement. If you have questions about this waiver, contact Prudential Retirement at 877-PRU-2100 (877-778-2100). Representatives are available weekdays, from 8 a.m. to 9 p.m. ET. An automated voice-response system is available 24/7. You can also visit <http://ua1.retirepru.com/>.

Next Steps

As stated above, the Plumbers Local Union No. 1 Employee 401(k) Savings Plan is intended to help you save for the long term and prepare for your financial future. We recognize you may need to prioritize managing your short-term financial needs in the current situation. And, if that's the case, please review this FAQ carefully and consider utilizing the investment education tools provided by Prudential Retirement and investment advice services provided by Morningstar® Retirement ManagerSM.

Sincerely,

Plumbers Local Union No. 1 Employee 401(k) Savings Plan

The Board of Trustees