



NORTHEAST CARPENTERS FUNDS

Date: April 10, 2020

To: All Participants of the Northeast Carpenters Annuity Plan

From: The Board of Trustees

The purpose of this Summary of Material Modifications (SMM) Notice is to notify you of changes to the Northeast Carpenters Annuity Plan. This Notice contains important information concerning your annuity benefits.

You should keep this notice together with your Summary Plan Description (“SPD”) at all times. The two documents should be read together for an accurate description of your current annuity benefits.

1. “Rollover Contributions” on page 6 of the SPD is amended to add the italicized text below:

The Plan will accept a rollover contribution from another employer-sponsored defined contribution profit sharing plan or from an Individual Retirement Account (IRA) if it occurs directly from the other plan or IRA or within sixty (60) days of your receipt of the distribution. Rollover contributions will be recorded in your Profit Sharing Sub-Account. The Plan will also accept a rollover from a self-directed account in the Plan to a Trustee-directed account in the Plan (an “in-plan rollover”). Rollover contributions from a self-directed account may only occur on December 31. *The Plan will also accept as a contribution, repayment of a COVID-19 hardship distribution, up to the total amount of the COVID-19 distribution(s) you received, if you make a repayment contribution within three (3) years of the date you received the COVID-19 distribution(s).*

2. “Distribution Options” on page 9 of the SPD is amended to add the italicized text below:

You may choose to keep your Annuity balance with the Fund for distribution at a later date. However, it is mandatory that the distribution of benefits begin under the Plan no later than April 1 of the calendar year following the year in which you attain age 70 ½ (your “Required Beginning Date”), *except that, mandatory distribution will not begin if your Required Beginning Date occurs in calendar year 2020.*

3. “Loans” on pages 9-10 of the SPD is amended to add the italicized text as follows:

You may borrow up to a maximum of the lesser of (1) fifty (50) percent of the value of your account on the prior valuation date or (2) \$50,000, reduced by the highest outstanding balance of all loans made from the Plan during the last 12 months.

Loans are issued up to a maximum of five years duration, except that if a loan is for the purchase of a home which is used or to be used within a reasonable time as your principal residence, the repayment period may be extended by the Board of Trustees up to a maximum of ten (10) years. *Additionally, if you have an outstanding loan on or after March 27, 2020, and you meet the COVID-19 qualifying criteria below, any payments that are due between March 27, 2020 and December 31, 2020, may be deferred for one year and the loan repayment schedule and term will be adjusted to reflect the deferrals and the interest that accrued during the period of delay.*

Loans may also be granted to pay for the following purposes:

- 1) Prevent eviction from or foreclosure on your principal residence, or to satisfy a tax lien filed against your principal residence by a federal, state or local government agency or entity;
- 2) Tuition and/or room and board for a period of twelve (12) months for members of your immediate family beyond the secondary school level, or a school or institution for physically or mentally handicapped;
- 3) Funeral expenses due to the death of a parent, spouse, child or immediate family member;
- 5) Medical emergencies or other medical expenses of \$1,000 or more for you or your immediate family that are not reimbursable by the Northeast Carpenters Health Fund;
- 6) Payment of up to 18 months of COBRA premiums or up to 12 months of self-pay premiums for coverage under the Northeast Carpenters Health Fund or other health insurance;
- 7) *Expenses or losses incurred as a result of COVID-19. Until August 31, 2020, you may apply for a COVID-19 loan if you certify to the Trustees that you:*
 - (i) *are diagnosed with the virus SARS-CoV-2 or the disease COVID-19 by a test approved by the Centers for Disease Control and Prevention;*
 - (ii) *your spouse or dependent is diagnosed with SARS-CoV-2 or COVID-19 by a test approved by the Centers for Disease Control and Prevention; or*
 - (iii) *you experience adverse financial consequences as a result of being quarantined, being furloughed or laid off or having work hours reduced due to such virus or disease, being unable to work due to lack of childcare due to such virus or disease, or the closing or reduction of hours of a business you own or operate due to such virus or disease, or other factors related to such virus or disease as may be prescribed by Treasury Regulations.*

Monthly loan payments will be due one month following the original loan. If a payment is not made, the loan will default on the day of the 3rd month the payment is missed. However, the participant has until the end of the next quarter following the quarter the

payment was due to make good on all payments. If not, the loan will be defaulted. *However, if you certify to the Trustees that you meet the COVID-19 qualifying criteria, payments that are due in calendar year 2020 on any loan you obtain or have outstanding on or after March 27, 2020, (including loans for purposes other than COVID-19), may be deferred for one year and your loan repayment schedule and term will be adjusted to reflect the deferrals and the interest that accrued during the period of delay.*

4. "Hardship withdrawals" on pages 11 and 12 of the SPD is amended to add the italicized text below:

You may be permitted to receive hardship withdrawals from your Profit Sharing Sub-Account (provided that your Profit Sharing Sub-Account has been established for a period of at least one (1) year) for any one of the following reasons:

1. For the purchase or construction of a principal residence, or for emergency repairs to a principal residence, including but not limited to repairs of damage due to fire, storms, flood, or other water or sewer damages or other casualty losses, to the extent not covered by insurance;
2. Prevent eviction from or foreclosure on your principal residence, or to satisfy a tax lien filed against your principal residence by a federal, state or local government agency or entity;
3. For funeral expenses incurred because of the death of a spouse, child, parent or immediate family member;
4. For tuition fees and/or room and board for a period of twelve (12) months for members of your immediate family beyond the secondary school level or a school or institution for physically or mentally handicapped;
5. For medical emergencies or other medical expenses of \$1,000 or more for you or a member of your immediate family that are not reimbursable by the Northeast Carpenters Health Fund;
6. Payment of up to 18 months of COBRA premiums or up to 12 months of self-pay premiums for coverage under the Northeast Carpenters Health Fund or other health insurance;
7. *Expenses or losses incurred as a result of COVID-19. You may be eligible for a COVID-19 distribution if you certify to the Trustees that you:*
 - (i) *are diagnosed with the virus SARS-CoV-2 or the disease COVID-19 by a test approved by the Centers for Disease Control and Prevention;*
 - (ii) *your spouse or dependent is diagnosed with SARS-CoV-2 or COVID-19 by a test approved by the Centers for Disease Control and Prevention; or*
 - (iii) *you experience adverse financial consequences as a result of being quarantined, being furloughed or laid off or having work hours reduced due to*

such virus or disease, being unable to work due to lack of childcare due to such virus or disease, or the closing or reduction of hours of a business you own or operate due to such virus or disease, or other factors related to such virus or disease as may be prescribed by Treasury Regulations.

Eligibility for a hardship withdrawal is subject to approval of your written application by the Fund Director. Proof demonstrating the existence of an immediate and heavy financial need with respect to one of the above referenced reasons must be submitted with the application. The amount of a hardship withdrawal is limited to the amount of your qualifying immediate and heavy financial need, a maximum of 50% of your applicable account balance or \$50,000, whichever is less. *COVID-19 distributions are not subject to the 50% limitation but cannot exceed the lesser of \$20,000 in the aggregate, or that amount which reduces your Profit Sharing Sub-Account Balance to \$5,000.*

You are only permitted to take one hardship withdrawal during a given 12-month period, except that you may receive two (2) hardship distributions during a 12-month period if at least one of the two hardship distributions is used to pay for COBRA premiums or for self-pay premiums for coverage in the Northeast Carpenters Health Fund. *You may receive one or more COVID-19 distributions between March 27, 2020 and June 30, 2020. You may receive a COVID-19 distribution(s) even if you have received another hardship withdrawal during the prior 12-month period.*

Hardship Withdrawals taken in Pre-Retirement may be considered Early Distributions and therefore, may be subject to a 10% Federal Excise Tax for premature distribution, *except that COVID-19 hardship distributions will not be subject to a 10% excise tax.*

If you have any questions, you may contact the Fund Office.