

NORTHERN CALIFORNIA PIPE TRADES TRUST FUNDS FOR UA LOCAL 342

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TO: PARTICIPANTS OF THE NORTHERN CALIFORNIA PIPE TRADES SUPPLEMENTAL 401(k) RETIREMENT PLAN

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

The Board of Trustees of your Plan is pleased to provide you with the following summary of a recent change to the Plan.

ENTITLEMENT TO BENEFITS – PLAN AMENDMENT

ACTIVE PARTICIPANTS ONLY

**Subsection 6.2 (l) of Section 6 – Involuntary Termination of Employment – COVID-19 Distribution
Effective October 1, 2020, through December 31, 2020**

The Board of Trustees has extended the temporary COVID-19 Distribution Option through December 31, 2020, and approved a one-time distribution of up to a maximum gross distribution amount of \$75,000 for all COVID-19 Distributions from March 1, 2020, through December 31, 2020, combined.

(l) **Involuntary Termination of Employment due to COVID-19.** Effective March 1, 2020, through June 30, 2020, a Participant who was involuntarily terminated on or after March 1, 2020, from Covered Employment as a result of the impacts of COVID-19 was entitled to a distribution of up to one-half (1/2) of the Participant’s Individual Account balance, up to a maximum gross distribution amount of \$20,000.

Effective July 1, 2020, through September 30, 2020, a Participant who was involuntarily terminated from Covered Employment on or after March 1, 2020, as a result of the impacts of COVID-19 was entitled to a one-time distribution of up to one-half (1/2) of the Participant’s Individual Account balance, not to exceed a maximum gross distribution amount of \$30,000. Any COVID-19 Distribution(s) issued from March 1, 2020, through June 30, 2020, did not reduce or affect a Participant’s eligibility for this distribution.

Effective October 1, 2020, through December 31, 2020, a Participant who was involuntarily terminated from Covered Employment on or after March 1, 2020, as a result of the impacts of COVID-19 is entitled to the extended one-time distribution of up to a maximum gross distribution amount of \$75,000 for all COVID-19 Distributions combined. (This means that the total amount of all COVID-19 distributions taken from March 1, 2020, through December 31, 2020, cannot exceed \$75,000 combined.)

This distribution is to be consistent with a “COVID-19 Related Distribution” as defined in the Coronavirus Aid, Relief, and Economic Security Act (known as the “CARES” Act). A COVID-19 Related Distribution will be permitted for any of the following reasons:

- a. 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 (“CDC”); or
- b. 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
- c. 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).

In order to qualify for a COVID-19 Distribution, a Participant must:

- (i) Not have worked in Non-Covered Employment in the Pipe Trades Industry for a non-signatory Employer; and
- (ii) Have been involuntarily terminated from employment on or after March 1, 2020, as result of the COVID-19 pandemic and remain unemployed on the date the distribution is made.

Self-Certification Form (“COVID-19 Distribution Application Form”) Required. A COVID-19 Distribution Application/Self-Certification Form must be completed and returned to the Distribution Administrator (Kaufmann & Goble) in order to be eligible for a COVID-19 Distribution. The Distribution Administrator may rely on a Participant’s certification on the application that he or she satisfies the conditions noted above. If you believe you meet the eligibility requirements for the COVID-19 Distribution, please contact either the Distribution Administrator or Trust Fund Office for a COVID-19 Distribution Application/Self-Certification Form. *(Please note that you must be a qualified individual pursuant to the CARES Act in order to obtain favorable tax treatment).* **If you previously submitted an application and qualified for a prior COVID-19 Related Distribution you will need to complete another Distribution Application/Self-Certification Form if you believe you qualify again for this extended one-time distribution.**

Taxes, Waiver of Premature Tax Penalties during 2020 and Tax Withholding. You will be responsible for paying ordinary taxes on the COVID-19 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 COVID-19 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 COVID-19 Related Distribution made to you. *For example, pursuant to the IRS website, if you receive a COVID-19 Related Distribution in 2020 and you choose to include the distribution amount in income over a 3-year period (ex. 2020, 2021, and 2022), and you choose to repay the full amount to the Plan in 2022, you may file amended federal income tax returns for 2020 and 2021 to claim a refund of the tax attributable to the amount of the distribution you included in income for those years and would not be required to include any amount in income in 2022.* **You are encouraged to consult with a Tax Advisor regarding the repayment option.**

You can obtain a Distribution Application/Self-Certification Form on the Trust Fund Office website at www.ncpttf.com.

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.

Please contact the Distribution Administrator, Kaufmann & Goble, at 800/767-1170, option 4 if you have any questions.

Respectfully submitted,
Fund Manager
On Behalf of the Board of Trustees