

IMPORTANT NOTICE

CHANGES MADE BY THE CARES ACT FOR THE I.A.T.S.E. ANNUITY FUND

Hardship Distributions related to the Coronavirus and the CARES Act Tax Relief Provisions

CARES Act Tax Relief

Congress has enacted the Coronavirus Aid, Relief and Economic Security (“CARES”) Act, which has tax-favored rules for certain Coronavirus-related distributions. Most, but perhaps not all, distributions under the new Annuity Fund hardship rule that was previously announced will be eligible for these special federal tax rules, described below.

Special Tax Rules for Coronavirus-related Distributions

The CARES Act provides the following federal tax relief for distributions that meet the CARES Act requirements (described below):

- The IRS 10% early distribution penalty (for those under age 59.5) is waived.
- The distribution may be repaid within three years:
 - The distribution can be repaid to any retirement plan that accepts rollovers (including the Annuity Fund)
 - The repayment can be made in on or more installments
 - The repayment will be treated as an eligible rollover
 - You are not taxed on the distribution if you repay the distribution to a qualified plan.
- If you do not repay the distribution to an eligible retirement plan, taxes on the distribution may be paid ratably over three years.
- There is no mandatory tax withholding on the distribution (though you can elect withholding).

Please consult your tax advisor regarding the tax consequences of any distribution. The Fund cannot give tax advice.

What Is a Coronavirus-related Distribution Eligible for this Special Tax Relief?

A Coronavirus-related Distribution eligible for this special tax relief, is a withdrawal that:

- Was taken for one of the following reasons:
 1. You or your spouse or dependent were 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
 2. You were quarantined due to the virus or disease and experienced adverse financial consequences as a result, or
 3. You were furloughed or laid off, or had your work hours reduced, due to the virus or disease and experienced adverse financial consequences as a result,
 4. You have had to close or reduce the hours of a business that you own or operate due to the virus or disease and experienced adverse financial consequences as a result, or
 5. You were unable to work due to lack of child care due to the virus or disease.
- Does not exceed \$100,000 from all plans maintained by your employer, and
- Is taken by December 31, 2020.

The above reasons are very similar to the new hardship distribution rule adopted by the I.A.T.S.E. Annuity Fund. However, only distributions for one of the five reasons listed immediately above would qualify for the special federal tax rules. Most (if not all) distributions under the Fund's new hardship distribution rule will likely qualify as Coronavirus-related Distributions under the CARES Act. However, if you receive a hardship distribution from the Fund for an expense or loss you incurred because of COVID-19 that does *not* fall within one the above five categories it would not be eligible for the special federal tax treatment under the CARES Act. For example, if one of your parents was diagnosed with COVID-19 and you had to pay for their medical treatment, that would be a hardship expense under the Annuity Fund rules but would not be eligible for special tax treatment under the CARES Act (unless your parent is your financial dependent under IRS rules) and you would also have to provide proof of the expense in accordance with the Fund's otherwise applicable hardship rules.

In addition, if you take a distribution (or multiple distributions) totaling more than \$100,000, only up to \$100,000 is eligible for the special tax treatments, and only distributions taken in 2020 are covered by the CARES Act relief.