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To: All Participants of the NYCDCC Annuity Fund
From: Board of Trustees
Date: March 31, 2020
Re: Special Annuity Fund Coronavirus-Related Distributions and Loans Issues

On March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). The CARES Act includes special rules for certain types of retirement plans, including the New York City District Council of Carpenters Annuity Fund (the “Annuity Fund” or the “Fund”), which permit the Trustees to amend the rules governing the Fund to provide eligible participants with increased access to their account balances during these unprecedented and extremely challenging times. The CARES Act also extends the due date for repayment of loans in certain circumstances and allows participants who would otherwise be required by law to receive a distribution 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” describe these changes.

Because this law was enacted so quickly, there are some open questions on a few aspects of the retirement plan provisions in the CARES Act, and we expect that the Government will issue additional guidance clarifying certain issues. We will provide updates as available.

Coronavirus-Related Distributions

1. What is a Coronavirus-Related Distribution?

As you know, the Fund allows certain types of distributions, such as distributions for Hardship Withdrawals, Once-in-a-Lifetime Withdrawals after 60 months of Participation, and Distributions after you stop working in Covered Employment.

The CARES Act adds a new distribution – called a “***Coronavirus-Related Distribution***” – which will be available for a limited time. It differs in important ways from the other types of distributions available under the Fund.

2. *What is the maximum amount I can take for a Coronavirus-Related Distribution?*

\$100,000 in total, regardless of the number of Coronavirus-Related Distributions you take.

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

You must apply for a Coronavirus-Related Distribution before December 31, 2020.

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

No. Although you may not take more than \$100,000 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.

5. *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.

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

Contact Prudential at (877) PRU-2100 or www.prudential.com/nycdccb to obtain an application for a Coronavirus-Related Distribution. Although the CARES Act allows the Fund to rely on a participant’s certification that he/she satisfies the above-listed conditions

for a Coronavirus-Related Distribution, please keep in mind that the Annuity Plan requires that all information provided in connection with an application for benefits must be accurate and states that 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.

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

No.

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

No.

9. *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 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.

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

No.

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

Yes. You may reimburse your Annuity Fund account 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.

12. *What should I consider before applying for a Coronavirus-Related Distribution?*

The CARES Act recognizes that it is important for workers to have access to their assets during this crisis. However, any withdrawal from your Annuity Fund account prior to retirement will negatively affect your ability to adequately prepare for retirement. This is especially true at times like this where the market has experienced such a severe decline. Pulling your money out of the market will lock in your losses, and you will not have the opportunity to recoup those losses unless your money is invested when the market starts to rebound. If you find yourself considering applying for a Coronavirus-Related Distribution, 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. Log in to www.prudential.com/nycdccbf for

additional information. You may also want to consult with a financial advisor to discuss whether there are better alternatives for you than a Coronavirus-Related Distribution. We understand, however, that this crisis requires that you have the ability to access your account balance if needed.

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

Contact Prudential at (877) PRU-2100 or www.prudential.com/nycdccbf.

Coronavirus-Related Loans

1. What is a Coronavirus-Related Loan?

As you know, the Fund allows loans, subject to certain limitations. The CARES Act adds a new type of loan – called a “***Coronavirus-Related Loan***” - which will be available for a limited time. It differs in important ways from the loans currently available under the Fund.

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

\$100,000 or, if lower, the amount of your account balance. (The maximum amount allowed for other loans under the Fund is the lower of (a) \$50,000 or (b) one-half of your account balance.)

3. What is the deadline for applying for a Coronavirus-Related Loan?

September 22, 2020.

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

No. Although you may not take more than \$100,000 in total Coronavirus-Related Loans, you may take as many Coronavirus-Related Loans as you choose.

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

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

- a) who is diagnosed with SARS-CoV-2 or COVID-19 by a test approved by the 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.

6. *I already have three outstanding loans. Am I eligible for a Coronavirus-Related Loan?*

Yes.

7. *I previously defaulted on a loan. Am I eligible for a Coronavirus-Related Loan?*

Yes.

8. *What are the documentation requirements for a Coronavirus-Related Loan?*

Contract Prudential at (877) PRU-2100 or www.prudential.com/nycdccb to obtain an application for a Coronavirus-Related Loan.

9. *Is a Coronavirus-Related Loan subject to taxes?*

No. However, if you default on the loan and incur a deemed distribution, you will be responsible for taxes. Review the Annuity Fund's Summary Plan Description for more information on loans (available at [https://nycbf.com/wp-content/uploads/2017/10/NYCDCC-Annuity-Fund-SPD-Bargained-Design-Final - October-2017.pdf](https://nycbf.com/wp-content/uploads/2017/10/NYCDCC-Annuity-Fund-SPD-Bargained-Design-Final-October-2017.pdf)).

10. *What are the advantages of taking a Coronavirus-Related Loan rather than a Coronavirus-Related Distribution?*

As long as you make your quarterly payments on your loan, you will not have any tax consequences. In addition, loans are repaid over five years so you will have a longer period of time to repay the loan than the three-years permitted to repay the Coronavirus-Related Distribution.

11. *I have decided to apply for a Coronavirus-Related Loan. Who should I contact?*

Contact Prudential at (877) PRU-2100 or www.prudential.com/nycdccb.

12. *May a qualified participant take both a Coronavirus-Related Distribution and a Coronavirus-Related Loan?*

Yes.

Extension of Certain Loan Repayments

1. Is there any relief available on loan repayments that are coming due?

Yes. If you are an eligible participant with an outstanding loan on or after March 27, 2020 and you have a due date for a loan repayment between March 27, 2020 and December 31, 2020, the due date shall be delayed for one year.

2. Is there additional interest charged during this one-year period?

Yes. The CARES Act requires that subsequent repayments be adjusted to reflect the delay in the due date and interest accruing during the delay. Remember, though, that you are paying the additional interest to your account.

3. What are the eligibility requirements for this loan extension?

In order to be eligible for an extension of your loan, you must be an individual:

- a) who is diagnosed with SARS-CoV-2 or COVID-19 by a test approved by the 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.

4. I want to apply for an extension of my loan repayment. Who should I contact?

Contact Prudential at (877) PRU-2100 or www.prudential.com/nycdccbf.

Temporary Waiver of Required Minimum Distribution Rules

- 1. Based on my age, I am required by law to receive a Minimum Required 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. The CARES Act provides for a waiver of any Required Minimum Distributions required to be paid from the Fund in 2020 as well as any 2019 Required Minimum Distributions that are required to be made by April 1, 2020. If you have any questions about this waiver, contact Prudential at **(877) PRU-2100** or www.prudential.com/nycdccb.