

IATSE LOCAL 33 TRUST FUNDS

Pension Trust Health & Welfare Plan 401(k) Plan

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TO: ALL PARTICIPANTS IN THE IATSE LOCAL 33 SECTION 401(k) PLAN

FROM: BOARD OF TRUSTEES

DATE: MARCH 23, 2020

IMPORTANT NOTICE – SUMMARY OF MATERIAL MODIFICATIONS

CORONAVIRUS HARDSHIP WITHDRAWALS, AND OTHER CRITICAL PLAN CHANGES

Uncertain times and extraordinary circumstances have brought together the management and union trustees to take urgent action on behalf of the participants in the Plan. The Trustees adopted three important new rules:

- Allowing hardship withdrawals of up to \$15,000 every 90 days for employees who are unemployed as a result of the coronavirus (COVID-19) epidemic. Other changes were made to the hardship withdrawal rules, as outlined below.
- Implementing new changes in federal law by allowing \$5,000 withdrawals from your account for childbirth and adoptions, and by increasing the age when participants are required to begin taking mandatory distributions from the Plan
- Changing the requirements for Early and Normal Retirements to better comply with IRS requirements

CORONAVIRUS HARDSHIP WITHDRAWALS

Employees who are involuntarily laid off or terminated from employment under the Plan in connection with the coronavirus (COVID-19) epidemic can withdraw up to \$15,000 *plus* (at your option) applicable state and federal taxes. Currently, 20% federal income tax withholding, 2.5% California withholding, and a 10% excise tax for employees will be charged if you are under age 59½. Congress is considering waiving or reducing these taxes during the current epidemic, but no action has as yet been taken. Laid off employees can take another distribution 90 days after the first.

The sources for hardship distributions (including the coronavirus distribution program, to pay unreimbursed medical bills or college tuition, etc.) have been expanded to include the balance of your Employer Account (the mandatory or profitsharing account) in addition to your Employee Account (voluntary wage reductions), including investment gains in both accounts.

To qualify, applicants must submit documentation establishing they are currently unemployed. Acceptable documentation includes proof that you applied for unemployment insurance benefits, confirmation that you are listed in Local 33's "off list," or other acceptable proof of unemployment. On or before September 20, 2020, the Board of Trustees will review whether to terminate or modify the Coronavirus Distribution program.

Please note there is a \$40 fee for each Coronavirus hardship withdrawal. This fee is charged against the Participant's account. The fee for regular hardship withdrawals remains \$80. To apply, contact the Administrative Office at the above street address, email address, or phone number. Your spouse's signed consent, witnessed by a notary public or Plan representative, is required by law.

We encourage you to speak to a tax professional about the tax consequences of receiving a coronavirus distribution.

OTHER HARDSHIP WITHDRAWAL CHANGES

Under a new law, employees can now continue making voluntary, employee contributions after taking a hardship withdrawal. Under the old law, employees had to discontinue 401(k) deductions from their paychecks for six months.

Employees may now take hardship withdrawals to pay expense and losses (including loss of income) because of a FEMA-declared disaster (not including the coronavirus epidemic) if their principal residence or principal place of employment is located in the disaster zone.

And, as noted above, hardship withdrawals may now be made from all accounts, rather than just your voluntary contribution account, and may include earnings on investments.

SECURE ACT CHANGE

Childbirth and Adoption Withdrawals. On December 20, 2019, a new federal law was enacted called the SECURE Act. Under the new law, employees may withdraw up to \$5,000 from their accounts when a child is born or an “Eligible Adoptee” is adopted. Under the new law, the withdrawal must occur during the one-year period beginning on the date the employee’s child was born or on which the adoption was finalized. Distributions are subject to 10% federal tax withholding (not the typical 20%). The 10% federal excise tax penalty for participants younger than age 59½ is not applicable to the distribution.

Your application must include your child’s or Eligible Adoptee’s name, age, and taxpayer identification number (ordinarily a Social Security number) as shown on your federal tax return, as well as other proof of childbirth or adoption. To prevent double-dipping, the new law also requires that the aggregate amount of such distributions from all plans (for example, the 401(k) Plan plus the MPIPP Individual Account Plan) may not exceed a total of \$5,000.

The new law establishes two kinds of Eligible Adoptees. One is a child under age 18 who is not a child of the employee or the employee’s spouse. The other is a person of any age who is physically or mentally incapable of self-support. In both cases, the distribution must be made within the one-year period beginning on the date that the adoption of the Eligible Adoptee was legally finalized.

The new law permits the employee to repay the distribution to the employee’s account at any time after the distribution is made.

Required Minimum Distributions to Begin After Age 72 Rather Than Age 70½. Under the old law, participants were required to begin taking annual distributions from their accounts beginning April 1 in the calendar year after you reach age 70½. Under the SECURE Act, if a participant turns age 70½ on or after January 1, 2020, the participant must begin taking annual distributions on April 1 of the calendar year after you turn age 72.

CHANGES IN RETIREMENT RULES

The Plan’s retirement rules have been changed to better protect against inadvertent employee violations of tax laws forbidding continued employment in the same employment after retirement. The new laws do not restrict the ability of Local 33 members to work up to seven days or shifts per month for the contributing employers. However, consistent with federal law, Pension Plan retirees may not take a retirement distribution from the 401(k) Plan if they do so.

Under the new rules, applicants for 401(k) Plan Normal Retirement benefits (at age 65 or later) who are Local 33 members must certify that they are truly retiring and will not work in covered employment until they reach age 70. Local 706, 768, 800 and 857 applicants must certify that they are truly retiring and will not work in covered employment for a contributing employer. The rules are the same for applicants for Early Retirement (at age 55 – 64), except that Local 33 members cannot begin receiving 401(k) Plan Early Retirement distributions unless and until they have ceased covered employment for 120 consecutive days.

This is a summary of material modifications regarding the IATSE Local 33 Section 401(k) Plan. It supplements and modifies the Plan’s Summary Plan Description (“SPD”), which is the booklet that describes the Plan’s rules. In the event of a discrepancy between the new Plan amendments and this summary of material modifications, the Plan amendments are controlling.

The Board of Trustees reserves the right to modify or terminate the Plan and the Plan’s rules and benefits at any time. You should retain a copy of this notice with your SPD. If you have any questions, please contact:

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