



## BAY AREA PAINTERS AND TAPERS

### PENSION AND ANNUITY TRUST FUNDS

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### BAY AREA PAINTERS AND TAPERS ANNUITY PLAN NOTICE OF CHANGES IN PLAN BENEFITS

DATE: April 2020

TO: Plan Participants

FROM: Board of Trustees of the Bay Area Painters and Tapers Annuity Plan

SUBJECT: Notice of Changes in Plan – New Temporary Coronavirus Distribution

The Board of Trustees has amended the Plan to provide Participants who are diagnosed with Coronavirus or are experiencing adverse financial consequences due to Coronavirus to receive a distribution from their Individual Account of up to \$25,000. This temporary Coronavirus Distribution is available from April 1, 2020 to December 31, 2020, in accordance with the Coronavirus Aid, Relief and Economic Security Act (CARES Act).

#### **CORONAVIRUS DISTRIBUTIONS FROM APRIL 1, 2020 TO DECEMBER 31, 2020**

As of April 1, 2020, if you have been diagnosed with Coronavirus by a test approved by the Center for Disease Control (CDC), have a spouse or dependent who is diagnosed with Coronavirus by such test, or if you have experienced adverse financial consequences as a result of Coronavirus, you may be able to take a distribution of up to \$25,000 from the balance in your Individual Account. If you have less than \$25,000 in your Individual Account, you can take a distribution of up to 100% of the balance of your Account.

Participants may apply for a distribution by contacting the Trust Fund Office. To apply you will need to certify in writing that you meet one of the following criteria:

- You are diagnosed with Coronavirus by a test approved by the CDC;
- Your spouse or dependent is diagnosed with Coronavirus by such test; or
- You experience adverse financial consequences as a result of Coronavirus due to:
  - being quarantined, furloughed, laid off;
  - reduction in work hours or closure of business;
  - inability to work due to lack of childcare; or
  - other factors as determined by the Secretary of the Treasury.



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Under the CARES Act, this Coronavirus Distribution may be subject to favorable tax treatment including:

- 10% early withdrawal penalty tax for participants under age 59 ½ does not apply.
- 20% mandatory withholding for federal taxes on pension plan distributions does not apply.
- Distributions are included in gross income for federal tax purposes ratably over a three-year period unless you elect otherwise.
- For a three-year period after the distribution, you can contribute up to the full amount of the distribution to an eligible retirement plan as if the contribution was a timely rollover of an eligible rollover distribution.

### **Specific to Coronavirus Distributions from your Money Purchase Subaccount**

On January 1, 2019, the Trust Fund converted from a money purchase plan to a profit-sharing plan. Any balance in your account before this date is designated as money purchase plan assets. The intent of the CARES Act was to be broad and allow participants access to their defined contribution plan assets. For this reason, the Trust Fund is making Coronavirus Distributions available also from your Money Purchase subaccount. However, the IRS may come out with guidance about your ability to access funds from your Money Purchase subaccount under the CARES Act. In that case, it is possible that you may be subject to additional taxes if you received a distribution from your Money Purchase subaccount (including the 10% early tax penalty for distributions before age 59 ½).

If you have any questions about how this distribution will impact you, you may consider consulting with your financial and/or tax advisors.

The above information is a brief summary of the requirements for this Coronavirus Distribution, so please contact the Trust Fund Office for further information on how to apply for a Coronavirus Distribution.