



Teamsters Local 814 Annuity Fund

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Date: April 14, 2020

To: All Participants, Beneficiaries of Deceased Participants, and Alternate Payees

From: Board of Trustees of the Teamsters Local 814 Annuity Fund

HELP DURING COVID-19 CRISIS AND OTHER CHANGES

The Board of Trustees is pleased to announce the following changes to the Annuity Fund in order to address the emergency situation and financial distress for our participants created by the COVID-19 pandemic and to safeguard the assets of the Fund. The changes to the Plan are described below.

PARTICIPANT LOANS

Reduced interest rate: Effective April 1, 2020, the Trustees reduced the interest rate from 8.4% to 1.25% on loans from your Annuity Fund accounts. The reduced rate applies to new loans as well as existing loans. If you already have a loan, you will also be receiving a new loan repayment schedule from the Fund Office. The adjusted payment will be effective through the remaining term of your loan.¹

One-year extension on loan repayments: Under the law that was recently passed called the CARES Act, certain participants are entitled to a one-year delay in loan repayment dates starting April 1, 2020 and continuing through December 31, 2020. This delay is available to participants who had outstanding loans from the Plan on March 27, 2020 or take a new loan in 2020. Existing loan repayment schedules will be extended by one year and will reflect the interest accruing during the one-year delay and new loans will be repayable starting in 2021. In addition, repayments of new loans made in 2020 will not start until 2021, and the five- or ten-year maximum repayment period for eligible loans will exclude the one-year deferral.

This one-year delay on repayments is available only to “**COVID-affected individuals.**” A person is considered to be a “COVID-affected individual” if:

- they or their spouse or dependent has tested positive for the virus, or
- they have been quarantined, furloughed or laid off, had a reduction in hours, or were subject to a business closing, or
- they were unable to obtain childcare, or
- other factors that may be determined by the Secretary of the Treasury.

¹ Loan repayments are due monthly by the 1st day of every month. A participant will NOT be considered in default on their loan, however, until the last day of the quarter following the quarter in which the payment was originally due. For example – you will not incur a default for your loan repayments due in April, May, and June 2020 unless you do not make those payments by September 30, 2020. If you default, you will be taxed on the amount of the loan and accumulated interest, unless the current law is changed.

If you are a COVID-affected individual with an outstanding loan from the Plan, or you would like to take a loan from the Plan in 2020, and would like to take advantage of this one-year delay, please contact the Fund Office to obtain a COVID-19 Certification Form for you to use to demonstrate that you are a “COVID-affected individual.” Please use email if possible, Pension@nnjtbp.org. You may also call the Fund at 800-250-3121 (dial Ext 28), voicemail will be checked frequently. If you need immediate assistance, please call Michele at 973-715-9913. Note that if you are not a “COVID-affected individual,” or you do not submit the COVID-19 Certification Form, the regular loan repayment rules will apply to your loan. The Certification Form is also available for download on the Union’s website at <https://ibt814.com/news/>.

Increased maximum loan amounts: The current maximum amount that anyone can borrow under the Plan is the lesser of 50% of their account or \$50,000. As permitted by the CARES Act, the Trustees have increased the maximum loan amount to the lesser of 75% of your individual account or \$75,000 for “COVID-affected individuals” (using the same definition as noted above). The increased loan amount is available only for loans that are taken from now through September 23, 2020. If you apply for a loan that exceeds the \$50,000 or 50% limit, you will be required to complete the COVID-19 Certification Form that you can obtain from the Fund Office. Please use email if possible, Pension@nnjtbp.org. You may also call the Fund at 800-250-3121 (dial Ext 28), voicemail will be checked frequently. If you need immediate assistance, please call Michele at 973-715-9913. The Certification Form is also available for download on the Union’s website at <https://ibt814.com/news/>.

New COVID Distributions

In light of the tremendous financial stress on our participants caused by the COVID pandemic, the Trustees have adopted a new form of distribution for participants. Any participant (not just “COVID-affected individuals”) can now apply to receive a distribution **of all or any portion of the contributions received by the Plan on your behalf after 2011, plus or minus investment gains and losses and less administrative expenses.** You can make these new withdrawals once a month, even if you are still working, until December 31, 2020.² The Fund is not permitted to allow in-service distributions of pre-2011 contributions.

Since the purpose of the Annuity Fund is to provide retirement income, we strongly encourage you to leave your money in the Fund until you actually retire. In addition, if you withdraw your account balance now, you will be doing so in the middle of a very volatile market that has suffered severe economic losses, and as a result, your account balance may have dropped considerably. But if you are facing a financial hardship and need to take advantage of this new distribution rule, it is available.

Please keep in mind that you may be subject to mandatory tax withholding and tax penalties if you take this new COVID distribution. You may be able to avoid the withholding and tax penalties, and be eligible for certain other tax advantages, if you are a COVID-affected individual, as defined above. You will need to complete the COVID-19 Certification Form when you apply for the distribution in order to be eligible for the favorable tax treatment. Note that you may take a COVID distribution from the Plan even if you are not a “COVID-affected individual” (if you have contributions in your account made after 2012), but you may not qualify for the tax relief.

Account Adjustments as of March 31, 2020

Under Section 2.5 of the Plan, in the event that the sum of all individual accounts exceeds the total net assets of the Fund, all existing individual accounts must automatically be proportionately reduced so that the sum of all individual accounts is not more than the total net assets of the Fund. Until now, the Fund has used a December 31 valuation date for all individual accounts, and, generally, statements

² You are eligible for this distribution even if you have previously taken a loan from the Fund, including if you have defaulted on the loan.

of the amount in your account as of the previous December 31 have been sent in early summer. The Fund's investment manager and accountant have determined that as of March 31, 2020, the Fund's total net assets were 7.7% lower than the value of all individual accounts as of December 31, 2019, due, of course, primarily to the declines in the financial markets from the COVID crisis. Pursuant to Section 2.5 of the Plan, the accounts of all participants who had not taken distribution before the COVID-19 market crash in the second half of February have been reduced by 7.7%. The good news is that due to the Trustees' carefully diversified investments, the Fund's performance for the first quarter of 2020 was much better than it might have otherwise been.

The Fund will be sending your annual benefit statement in June, as usual, and it will reflect both the December 31, 2019 value and the March 31, 2020 reduced amount in your individual account. For your information, the Fund earned about 11.8% in 2019, so your account balance as of March 31, 2020 will still reflect an increase from the December 31, 2018 value shown in the statement you received last summer.

Valuation Date Change

The Trustees adopted one final change to safeguard the Fund's assets for the benefit of all participants and beneficiaries during times of massive volatility and upheaval in the financial markets. For all future distributions, your individual account will be valued as of the last day of the calendar quarter ending on or after the later of:

- the event triggering the distribution, for instance, your retirement, disability, death, termination of employment with no contributions for three months, or the COVID national public emergency; or
- the date the Fund Office receives your application for distribution.

We expect that the valuations will generally be complete 8-10 weeks after the end of each quarter. You will still receive an annual statement in or around June showing the most recently available value of your account.

The payment rules are not changing. Therefore, if you want to receive a lump-sum distribution (provided you have spousal consent if you are married) before the final valuation is completed for the relevant quarter, you can receive 85% of the value in your account as of the last completed quarterly valuation. The Fund will hold back 15% of your account balance based on that valuation, and then, once the next quarterly valuation is completed, the Fund will distribute the balance of your account as of the new valuation.

For example, if you retire August 31, 2020 and apply for a distribution of your individual account in a lump sum, your distribution will be the amount in your individual account valued as of September 30, 2020. This amount will generally be determined in December 2020. If you do not want to wait until then to receive your lump-sum payment, you can elect to receive 85% of your individual account as of the most recently completed valuation, which in August 2020, will likely be as of June 30, 2020. When the September 30, 2020 valuation of your account is completed in December 2020, you will receive the difference between the September 30, 2020 value and what you received.

As always, if you have any questions concerning these changes or the Fund or Plan in general, please contact the Fund. Please use email if possible, Pension@nnjtbp.org. You may also call the Fund at 800-250-3121 (dial Ext 28), voicemail will be checked frequently. If you need immediate assistance, please call Michele at 973-715-9913.

Sincerely,

The Board of Trustees

This notice contains important information regarding changes to the Plan of the Teamsters Local 814 Annuity Fund. This Summary of Material Modifications (“SMM”) is issued to notify you of these changes, and revises the Fund’s Summary Plan Description (“SPD”), which was previously distributed to you. Please keep this notice for your records. This SMM does not restate all of the terms and provisions of the Plan or SPD and does not affect any benefit other than the ones discussed above. All other terms of the Plan remain in effect, and if any provision is inconsistent, the terms of the Plan govern. The Board of Trustees reserves the right, in its sole and absolute discretion, to interpret and decide all matters under the Plan. The Board also reserves the right in its sole and absolute discretion, and subject to applicable law, to amend, modify, or terminate the Plan or any benefits provided under the Plan (or eligibility for such benefits), in whole or in part, at any time and for any reason.

ERISA Information

Plan Sponsor: Board of Trustees of the Teamsters Local 814 Annuity Fund

Sponsor’s EIN Number: 11-6234357

Plan Number: 001

Plan Year: January 1 to December 31

Union Trustees

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Employer Trustees

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