

San Francisco Electrical Workers Retirement Savings Plan
Notice of Changes to Plan Relating to CARES Act
April 2020

On March 27, 2020, Congress passed, and the President signed, the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, which includes provisions making it easier to obtain pre-retirement withdrawals from account-balance type retirement plans, expand plan loan availability and provide loan repayment relief, and temporarily suspend required minimum distributions. The Board of Trustees of the SFEW Retirement Savings Plan has agreed to make these provisions available, and this Notice explains these changes. These changes are effective immediately.

1. CARES Act Distribution. Generally, before you retire from the Electrical Industry, you may obtain a withdrawal from your 401(k) account only if you are experiencing one of several types of hardship. If you take a hardship withdrawal before you attain age 59½ you will pay federal (10%) and state (2.5%) penalty taxes in addition to regular income taxes on your withdrawal.

New Rule: If you have been adversely affected by the COVID virus, you may request one or more distributions (“CARES Act distributions”) in 2020 from your RSP account (excluding money purchase amounts) up to a total of \$100,000, regardless of your age and employment status, penalty free. And you may elect no income tax withholding. To qualify for a CARES Act distribution either (i) you, your spouse or your dependent must have been diagnosed with the COVID-19 virus by a CDC-approved test, or (ii) you are experiencing adverse financial consequences due to being quarantined, furloughed, laid-off, having reduced work hours, having to care for a child, or the closing or reducing of work hours of a business, due to the COVID-19 virus. Though you will pay income taxes on your CARES Act distribution, you may spread the taxable income from the distribution out evenly over 2020, 2021 and 2022. You may avoid all taxes on the distribution by repaying it to the Plan, or to another tax-preferred retirement vehicle (such as an IRA), within 3 years of receiving the distribution.

2. CARES Act Loan. Generally, the Plan allows you to take up to 2 loans from your account in a total amount of up to 50% of your account balance not to exceed \$50,000. Any loan must be repaid over no more than 60 months (unless to acquire a principal residence), and the loan will be defaulted (and fully taxed) if any loan payment is delinquent beyond a calendar quarter. If you previously defaulted on a loan on which you paid tax, but it remains outstanding, you are ineligible for another loan.

New Rule: Through September 23, 2020, if you satisfy the conditions for a CARES Act distribution as described above, you may instead, or in addition, request a “CARES Act loan” from your account (even if you now have 1 or 2 loans outstanding) in a total amount (after adding in the balance of any outstanding loan) of up to 100% of your account not to exceed \$100,000. Further, if you satisfy those conditions, any 2020 loan payment on any Plan loan that falls due on or after the date you request a loan deferment need not be paid in 2020 and will instead be rolled into a new balance on the loan that will be reamortized over the remaining period of the loan plus the period of the loan deferment. Therefore, though interest will continue to accrue on your loan balance, you may avoid payment on any existing or CARES Act loan until January 2021 when you will restart making slightly higher loan payments. If you currently have a loan(s) outstanding that is in default, you are ineligible for a CARES Act loan unless you first repay the outstanding balance.

3. Required Minimum Distributions. Generally, retired Plan participants who have attained age 72 (age 70½ before 2020) must take required minimum distributions annually from their account that are intended to draw down the account over the participant’s remaining life expectancy.

New Rule: The Act suspends this requirement for 2020. The Plan will process no minimum distributions during the rest of 2020. However, if you are set up on the Fidelity system to receive

minimum distributions automatically, those distributions will continue to be processed in 2020 unless you inform EISB that you wish to stop them. If you stop them, they will restart automatically in 2021.

How You Can Make a Request

Request a CARES Act Withdrawal. To request a CARES Act withdrawal, contact Fidelity at least a week before December 31, 2020. You will need to certify that you qualify for the withdrawal, and spousal consent will be required for a married participant.

Request CARES Act Loan. To request a CARES Act loan, contact Fidelity at least a week before September 23, 2020. We suggest you use the website to request a CARES Act loan. You will need to certify that you qualify for the new loan, and spousal consent will be required for a married participant.

Request Loan Deferral. If you wish to defer your current loan payments, contact Fidelity. You may wish to contact Fidelity by phone until Fidelity has fully updated their website for this purpose. You will need to certify that you qualify for the deferral. Once approved, you will need to log into NetBenefits and stop your ACH debit loan repayment. In or before January 2021, you will be notified of your new loan balance and monthly payment for which you will need to reestablish a new ACH debit. There is no deadline to request a loan deferral in 2020, but the longer you wait the shorter will be your deferral period.

Request Automatic Minimum Distributions Cease. If you wish to stop the automatic payment of your 2020 monthly or quarterly RSP distribution, contact the Plan Office at EISB at 415-263-3670.

How to Contact Fidelity or the Plan Office

If you have questions about this Notice, contact Fidelity or the Plan Office. Fidelity can be reached at (866) 848-6466 or www.fidelity.com/atwork and the Plan Office can be reached at EISB, Inc., 720 Market Street, Suite 700, San Francisco, CA 94102, Tel: (415) 263-3670.
