

Sprinkler Industry Supplemental Pension Fund

8000 CORPORATE DRIVE • LANDOVER, MARYLAND 20785

TELEPHONE
(301) 577-1700

TOLL FREE
(800) 638-2603

IMPORTANT PARTICIPANT NOTICE | APRIL 2020

Special Distribution Option to Combat the Impact of Coronavirus Disease 2019

Dear Participant:

As you know, the Sprinkler Industry Supplemental Pension Plan was established to provide a retirement benefit to supplement your personal savings, social security benefits, and your National Automatic Sprinkler Industry (NASI) pension. Nevertheless, many participants and their families face challenging financial circumstances as the result of job losses arising from the current coronavirus pandemic.

Coronavirus-Related Hardship Distributions

In light of this public health crisis, the Trustees have amended the Plan to permit participants who experience a coronavirus-related event to receive a **one-time, lump sum distribution** of up to the lesser of the **profit-sharing** balance of their Individual Accounts and **\$30,000**.

Money purchase pension plan monies (contributions received prior to 1999 and income on those contributions) are not available for withdrawal under this new Plan feature.

A Coronavirus-Related Hardship Distribution is available to any participant:

- Who is diagnosed with the virus SARS-CoV-2 or with Coronavirus Disease 2019 (collectively referred to as COVID-19) by a test approved by the Centers for Disease Control and Prevention (CDC);
- Whose spouse or dependent (as defined in Section 152 of the Internal Revenue Code) is diagnosed with COVID-19 by such a test; or
- Who experiences adverse financial consequences due to COVID-19 resulting from –
 - Being quarantined;
 - Being furloughed, laid off, or having work hours reduced;
 - Being unable to work due to lack of child care;
 - A closing or reducing of hours of a business owned or operated by the participant; or
 - Other factors as determined by the Secretary of the Treasury.

The Fund Office will rely on participants' certifications that they satisfy these conditions.

If you are married, your spouse must provide the Plan with his/her notarized consent to the distribution on a form provided by the Fund Office. Alternatively, a Plan representative may witness such consent.

The Fund Office will accept applications for this special, temporary benefit effective immediately through December 31, 2020. The Fund Office will not accept any applications postmarked after December 31, 2020.

Favorable Tax Treatment

Distributions that qualify as coronavirus-related distributions as defined in the Coronavirus Aid, Relief, and Economic Security Act will receive favorable tax treatment. Among other things, coronavirus-related distributions: (a) are not subject to the 10% tax penalty typically applicable to early distributions; (b) are not eligible rollover distributions, meaning they are not subject to mandatory 20% income tax withholding; and (c) will be included gross income for federal tax purposes over a 3-year period, unless you elect otherwise. The IRS is expected to issue guidance on these rules and how they apply to you.

Application

You can obtain an application for this benefit by contacting the Fund Office or you can download the application and instructions on the Fund’s website; www.nasifund.org. It can be found under the “SIS Pension Fund” tab, then “Fund Forms”, and it’s the “**Coronavirus-related Hardship Distribution**” document.

Expiration Date

This new, *one-time* distribution option will expire on December 31, 2020, absent extension or modification by the Trustees.

The Fund Office

The Trustees are committed to keeping the Fund Office running, even in the face of potential disruption caused by COVID-19. Accordingly, the Fund Office is prepared to operate remotely as necessary so that staff may continue to answer participant inquiries, address issues, and pay benefits. Nevertheless, the potential disruption may result in unanticipated delays in the completion of certain routine Fund Office functions, and we appreciate your patience as we work through any such issues as they arise.

Conclusion

The Trustees encourage all participants to take all possible precautionary measures recommended by the CDC to protect themselves and their families during this difficult period. As always, if you have any questions regarding this notice, or the benefits offered by the Fund, please contact the Fund Office.

Very truly yours,

The Board of Trustees

IMPORTANT REMINDER
DISTRIBUTIONS ARE LIMITED TO ONE PER PARTICIPANT

We reiterate that **distributions are limited to one per participant, regardless of the amount you choose to receive**. For example, if you elect to withdraw \$10,000, you **cannot then receive one or more additional distributions** for a total of \$30,000. We urge you to carefully consider whether you require financial relief, whether your retirement account with the SIS Plan should be the source of that relief, and, if so, the amount of money you require from the SIS Plan to meet your needs. Under current Plan rules, if you take one distribution you will not be permitted to take a second distribution, even if you did not withdraw the maximum amount available. This rule is necessary to ensure that the SIS Plan remains devoted to retirement-related purposes for the protection of you and your family, while also serving as a potential source of aid until the pandemic passes.