Labor-Management Committee
- FOR THE -
Electrical Construction Industry
720 MARKET STREET, SUITE 700
SAN FRANCISCO, CA 94102
(415) 263-3670 • FAX (415) 263-3672

To: SFEW Retirement Savings Plan Participants
Subject: Temporary Special Distributions Available Under CARES Act
Date: April 17, 2020

Dear Plan Participants:

In late March 2020 the federal Coronavirus Aid, Relief, and Economic Security ("CARES") Act was passed providing unprecedented economic relief for millions of Americans and businesses adversely affected by the COVID-19 pandemic. Among many other things, the Act allows account-based retirement plans to make pre-retirement distributions to Plan participants who have been adversely affected by the virus. Because most Plan participants have been idled by the virus, and we do not know with any certainty when we will be back to full employment, the Board of Trustees has made available the full range of distributions the Act allows.

The enclosed *Notice of Changes to Plan Relating to CARES Act* explains these changes to the Retirement Savings Plan (RSP), effective immediately. These changes are temporary, and you may use them only if you have been adversely affected by the COVID-19 virus. As first explained in the Notice, if you qualify, you may take up to $100,000 in CARES Act distributions from the RSP with favorable tax treatment. Up to the limit, you may request as many CARES Act distributions as you want, but any CARES Act distribution must be processed by December 31, 2020.

Next, up to $50,000 of a tax-free CARES Act loan is available from your RSP account, which is on top of the $50,000 of loans allowed to you before the pandemic struck. Regularly required monthly payments on all loans may be suspended through 2020, though interest will continue to accrue. The enclosed Notice provides more detail on how both of these rules work.

Although the Plan cannot advise you on whether to request a CARES Act distribution or loan, these changes give you access to your RSP account now, perhaps many years before you retire. They do not, however, provide you government money; this is your money. You are not required to take a distribution merely because it is available, and taking a distribution now may lock in recent stock market losses on your distribution before the market can fully recover. Be aware that every dollar you take from your account now will likely result in several dollars less that you will have available for retirement.

If recent events have made it difficult or impossible to pay your monthly bills, then these new rules may be a short-run financial lifesaver. But, for your own long-term welfare, please do not take any more from your account than you absolutely need until you expect to get back to work. For example, a $25,000 distribution might bridge three months of lost take-home pay. If work remains shuttered after three months, consider taking another withdrawal to bridge another three months.

Finally, before you make decisions regarding your retirement savings, we encourage you to speak with a financial advisor.

If you have questions, please contact Fidelity at (866) 848-6466 or EISB at (415) 263-3670.

Sincerely,

Thomas A. Coleman

Tom Coleman
Executive Manager, SFECA
Chair, Board of Trustees

John J Doherty

John Doherty
Business Manager, IBEW Local 6
Co-Chair, Board of Trustees