



Pacific Maritime Association Headquarters

Date: April 29, 2020
To: ILWU-PMA Savings (401(k)) Plan Participants
Re: CARES Act - New Coronavirus-Related Distribution

On March 27, 2020, the president signed into law the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) as part of the \$2 Trillion stimulus package intended to stabilize the economy during the coronavirus pandemic. The CARES Act contains several provisions designed to allow increased access to retirement plan accounts (and related tax breaks) for those affected by the current crisis. Effective immediately, we have implemented the following coronavirus-related distribution provisions for the ILWU-PMA Savings (401(k)) Plan (the “Plan”).

Who is Eligible?

You are eligible for a coronavirus-related distribution if any of the following applies:

1. You have been diagnosed with the virus SARS-Co-V-2 or with coronavirus disease 2019 (“COVID-19”) by a test approved by the Centers for Disease Control and Prevention;
2. Your spouse or dependent (as defined in section 152 of the Internal Revenue Code) is diagnosed with such virus or disease by such a test; or
3. You experience adverse financial consequences as a result of being quarantined, being furloughed or laid off or having work hours reduced due to such virus or disease, being unable to work due to lack of child care due to such virus or disease, closing or reducing hours of a business owned or operated by you due to such virus or disease, or other factors as determined by the Secretary of the Treasury.

In Service Distributions.

If you are eligible, you can withdraw from your vested accounts in the Plan. Any one or more coronavirus-related distributions totaling no more than \$100,000 that are

made by an eligible participant until December 31, 2020, can qualify as “coronavirus-related distributions.” The following special rules apply to coronavirus-related distributions:

- The 10% early withdrawal penalty tax usually applicable to payments made before age 59½ does not apply.
- The payment will be subject to income tax, but you can elect to pay tax on the amount equally over a three-year period. For example, if you withdraw \$30,000 in 2020, you can include \$10,000 as income for each of 2020, 2021, and 2022 — rather than owing taxes on the entire \$30,000 for 2020. This election is made when you file your personal tax return.
- The distribution will be exempt from the 20% mandatory tax withholding that generally applies. Fidelity will withhold 10% from the distribution for income tax purposes, unless you elect otherwise.
- Your deferrals will not cease when you take a coronavirus-related distribution. If you want to temporarily stop future contributions, you may do so by contacting Fidelity.
- At any time during the three-year period beginning with the date of the distribution, you may repay to the Plan, if still employed (or to an IRA or other tax-qualified plan), any portion of the amount taken, and you will avoid having to pay tax on that portion. In the past, the IRS used Form 8915 for individuals who were adversely affected by a disaster and received a distribution that qualified for favorable tax treatment. You will need to report any recontribution made during a taxable year to determine the amount of the coronavirus-related distribution includible in income for the taxable year.

It is always wise to consult with a financial or tax advisor before taking any distribution from the Plan, particularly in periods of volatile stock market activity. Also, because of the tax benefits of keeping your Plan accounts whole, you may wish to explore other types of financial assistance before you apply for any of the benefits described above.

Please contact Fidelity at 1-800-761-ILWU (4598) or go online to www.netbenefits.com to initiate a distribution and/or if you have any questions.