



**SOUTHERN NEW ENGLAND  
CARPENTERS ANNUITY FUND**  
**Connecticut  
Rhode Island  
New York**

**10 Broadway  
Hamden, CT 06518**

**14 Jefferson Park Road  
Warwick RI 02888**

**270 Motor Parkway  
Hauppauge, NY 11788-5150**

## **IMPORTANT NOTICE – JUNE 2020**

### **To: All New York Participants**

You received a notice from the Board of Trustees of the Southern New England Carpenters Annuity Fund (Fund) in December of 2019, and in that document (p. 5) we informed you that the Fund intended to make loans available to the former Participants of the Northeast Carpenters Annuity Fund (NCAF) who are eligible under our Fund's rules. While the Fund and its Board of Trustees has been dealing with the COVID-19 pandemic like all of you, the Fund acted as quickly as administratively possible to make this loan option available to the Fund's New York Participants. With that in mind, here are the details of the loan program:

- ✓ Commencing July 1, 2020, New York Participants may be able to borrow from their Fund account. Assuming you qualify, you may borrow up to one-half of your Fund account (must be a minimum of \$1,000, but no more than \$50,000) to help with certain hardships you might be experiencing. You can qualify for a loan if you provide appropriate evidence to the Fund that you are experiencing any of the following financial hardships:
  - outstanding medical expenses for you, your spouse, or a dependent you claim on your tax return where there is no health coverage and/or insurance available;
  - post-secondary (college) educational expenses, such as tuition and room and board, for you, your spouse, or a dependent you claim on your tax return;
  - monies needed to prevent eviction or foreclosure on your principal residence;
  - monies needed to purchase your principal residence (note this "home loan" category *cannot* be used for mortgage payments); or
  - burial or funeral expenses for your spouse, child, parent, spouse's parent or dependent.
- ✓ The loan will be tax-free to you as long as you repay the loan in equal monthly payments over the loan period (which cannot exceed 5 years, unless you take a home loan). Importantly, if you miss a payment, and do not make it up by the last day of the calendar quarter following the quarter in which the payment was due, then the *entire* outstanding loan balance will be reported to the IRS as a distribution which will be subject to income tax in the year of default. You would also be subject to pay an additional 10% tax if you are under age 59-1/2.

**EXAMPLE:** Assume you have \$30,000 in your Fund account in August of 2020. Under the new loan rules, you can request a 5-year loan for up to \$15,000 to help with your unpaid and outstanding medical bills. Next assume that you apply for, and receive, a loan for \$15,000 during late 2020, but in early 2021 you are unable to continue to make the required loan payments on time. The outstanding loan balance in 2021 (let's assume here the remaining amount is \$13,000) would be reported as a taxable income to you for the 2021 tax period. Based on current Fund rules and tax laws, if you were not yet age 59-1/2, you would owe an additional \$1,300 in taxes, over and above the income taxes otherwise due. Therefore, assuming a 25% tax bracket, you may owe a grand total of \$4,550 in federal income taxes (plus any applicable state and local taxes) as a result of your default on the loan.

- ✓ If you had a loan under the terms of the NCAF when you became a Participant in the Fund as of January 1, 2020, you must pay off that prior loan in full before taking out a new loan from the Fund. Also, our Fund rules provide that if you default on a loan, you will never be eligible for a future loan.
- ✓ Any of the New York Fund Offices can provide you with the required loan application, or you may obtain a loan application on-line at [www.ctcarpentersfunds.org](http://www.ctcarpentersfunds.org) (go to the “Annuity” tab and then click on the “Hardship Loan Application”).
- ✓ **Please note that all loan applications will be processed by the Connecticut Fund Office**, and once an application is received, the Connecticut Fund Office will then provide you with the required truth-in-lending statement and promissory note. To ensure the prompt processing of any loan application, please mail your properly completed loan application documents to the following address:

Southern New England Carpenters Annuity Fund  
ATTN: New York Hardship Loan Request  
10 Broadway  
Hamden, CT 06518

- ✓ For your information, Fund Participants in the other jurisdictions covered by the Fund have the ability to obtain loans under the same rules.

If you have any specific questions regarding this new loan option, please call either our New York Fund Office at (631) 952-9700 or our Connecticut Fund Office at (203) 281-5511. If you need to write to the New York Fund Office, its mailing address is: 270 Motor Parkway, Hauppauge, NY 11788-5150.

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This Notice is intended to be a brief description of the topics described. In any situation involving Fund benefits, the documents governing the Fund will control. It constitutes a Summary of Material Modifications to the Fund, and we are furnishing it to you in accordance with U.S. Department of Labor regulations §§2520.104b-3. Please keep this Notice with your Summary Plan Description for future reference. As a reminder, consistent with applicable law, all Fund benefits are subject to amendment and/or termination as the Board of Trustees may determine to be in the best interests of the Fund’s Participants and Beneficiaries.

For the Fund’s Board of Trustees

Richard S. Monarca

Fund Director

June 2020