



North Atlantic States Carpenters  
Annuity Fund  
Connecticut Office

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**EXPLANATION OF  
HARDSHIP WITHDRAWAL DISTRIBUTION**

A Participant may withdraw up to one-half (50%) of his or her Profit Sharing Account Balance to cover expenses incurred as outlined below due to financial hardship. "Profit Sharing Account Balance" basically means a Participant's account balance attributable to contributions and earnings after March 31, 1998. It is determined by taking a Participant's total account balance at any time after March 31, 1998, reduced by the account balance as of March 31, 1998. The minimum amount for a Hardship Distribution is \$1,000. A Participant may not receive more than \$70,000 in Hardship Distributions during his or her lifetime. The \$70,000 lifetime maximum includes any amounts withheld by the Fund to pay federal, state or local income taxes and amounts withdrawn to satisfy applicable excise taxes or penalties.

**NOTE:** Whenever possible, we will issue hardship distributions in a joint check. So if your application is for federal taxes, the check will be to you and the IRS. If your application is for foreclosure by your lender, the check will be to you and your lender. If your application is for tuition, the check will be to you and the school.

A financial hardship must be one of the following events:

- A. **MEDICAL EXPENSES** - payment of medical expenses incurred by the Participant, Spouse or Dependent not covered by another party such as an insurance plan, employee health plan or governmental plan, as well as amounts necessary to enable such an individual to obtain medical care, which may include up to eighteen (18) months of COBRA premiums or up to twelve (12) months of self-pay premiums for coverage under the North Atlantic States Carpenters Health Benefits Fund. **The evidence which must be submitted includes itemized statements for medical services or one or more Explanation of Benefit Forms showing unpaid amounts, amounts required to be paid for medical care and COBRA or self-pay documentation.**

**If your Hardship Application is for medical bills, the enclosed Authorization Form to Disclose Protected Health Information must be completed and returned with the Application.**

- B. **TUITION AND ROOM & BOARD EXPENSES** up to the next 12 months - for the Participant, Spouse or Dependent for attendance at an accredited educational institution beyond high school. The evidence which must be submitted is a bill or receipt from the school which indicates the amount required for tuition and/or room & board.
- C. **EXPENSES OF PURCHASING A HOME** (other than mortgage payments) which will be the Participant's primary residence. The evidence which must be submitted is a copy of the pre-approval mortgage commitment letter **or** mortgage commitment letter **and** a sales contract signed by both the buyer and seller.
- D. **AVOIDANCE** of a mortgage foreclosure on a primary residence of the Participant or avoidance of eviction of the Participant from a rental property which is his or her primary residence. The evidence which must be submitted consists of a recent: (1) mortgage statement from the Participant's lender which documents the mortgage is in arrears and the amount owed, or (2) a notarized letter from the Participant's Landlord or Property Manager which outlines that the Participant is late in his/her rent, the number of month(s) he/she is late, and a breakdown of the total amount owed.

Hardship Withdrawals to prevent Eviction are limited to **once in a lifetime.** Hardship Withdrawals for Foreclosure are limited to **twice in a lifetime.**

- E. **FUNERAL EXPENSES** - incurred by the Participant due to the death of his or her Spouse, child, brother, sister, parent, or Spouse's parent. **The evidence which must be submitted is a bill or receipt addressed to the Participant indicating the amount required for the funeral expenses, along with a copy of the deceased person's death certificate.**

- F. **INCOME TAXES** – permitted **once in a lifetime** to cover overdue state or federal income taxes and related interest and penalties owed by a Participant. The evidence which must be submitted is a past-due bill from the Internal Revenue Service, or the applicable tax authority of the relevant State or Commonwealth (for example, Connecticut Department of Revenue Services, or Massachusetts Department of Revenue or the Rhode Island Department of Revenue. **Note that amounts required to pay personal property taxes (e.g., real estate and/or motor vehicle) are NOT allowed as a hardship under this category.**
- G. **MILITARY SERVICE OUTSIDE OF NORTH AMERICA** – withdrawals to cover outstanding debts and anticipated reasonable living expenses for immediate family remaining at home. **The evidence which must be submitted are copies of applicable outstanding bills and bills for common living expenses, along with the Participant’s military orders.**

**FEDERAL INCOME TAX WITHHOLDING** - The Plan is required by law to withhold federal income taxes from a hardship distribution at a 10% rate unless you elect otherwise (see the “Federal Income Tax Withholding Election” Form), and, depending upon your age, you may be responsible for the payment of certain excise taxes and/or penalties in connection with such a distribution. See the attached notice entitled: “Special Tax Notice Regarding Plan Payments” for more information. For Federal Income Tax purposes you should be aware that this Plan is a Defined Contribution Pension Plan and is “Qualified” under the rules of the Internal Revenue Code. You may increase your hardship withdrawal request to include taxes attributable to the distribution.

**CONNECTICUT INCOME TAX WITHHOLDING** - Effective on and after January 1, 2018 with respect to Connecticut residents, the Plan is required to deduct and withhold applicable state income tax from any distribution you receive (which will be forwarded to Connecticut’s Department of Revenue Services). Connecticut has issued an updated Form to implement these rules, specifically Form CT-W4P. If you are NOT a Connecticut resident, this rule does not apply. Please note that a Connecticut resident’s failure to return a completed Form CT-W4P along with his or her Application will result in the Fund having to withhold at the highest Connecticut marginal rate of 6.99%, without allowance for any exemptions.

**DETERMINATION OF ACCOUNT BALANCES; TIMING OF A HARDSHIP DISTRIBUTION** - Profit Sharing Account balances can be determined on a daily basis, reflecting net earnings or losses as of the end of the Plan’s prior fiscal year (December 31<sup>st</sup>) and contributions received after that. The amount of a hardship distribution is based upon a number of factors, including your Profit Sharing Account balance, the amount of taxes withheld and the information provided on your hardship distribution request form. Participants who are eligible for a hardship distribution will be paid as soon as administratively possible after your hardship distribution request is approved by the Board of Trustees or their Co-Chairs at their regular meeting and then processed by the Fund Office. Therefore, you should submit all required information to the Fund Office on a timely basis.

**SHOULD I CONSIDER A PLAN LOAN?** - Yes, you should. Loans are available under the terms of the North Atlantic States Carpenters Annuity Plan from your account consisting of employer contributions for the events listed in items A through E, above; however, they are *not* available for the items listed in F or G. Loans provide you with the ability to pay your Annuity Plan account back over a set period of time (normally a maximum of five years) and do not create immediate tax implications, *but there can be adverse tax consequences if you are late in making a loan payment.* We always encourage you to contact a tax advisor when taking any type of distribution or loan from the Annuity Plan, and you should consider your options carefully. Contact the Fund Office if you need further information about loans or a Loan Application packet.



# NORTH ATLANTIC STATES CARPENTERS ANNUITY FUND

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**Must be completed by member and returned to Fund Office with supporting documentation.**

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Name (Please Print)

Local Union No.

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Social Security Number

Date of Birth

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Signature

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Current Address

Street

Apt.

---

Town

State

Zip Code

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Telephone Number

Date Signed \_\_\_\_\_

**Important: Your application must be received in the Fund Office no later than \_\_\_\_\_.**

**A check will be issued on or about the first week of the month following approval of your application.**

For Office Use Only

Date Approved: \_\_\_\_\_

Authorization of Payment:

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Trustee



# NORTH ATLANTIC STATES CARPENTERS ANNUITY FUND

## PARTICIPANT'S HARDSHIP WITHDRAWAL DISTRIBUTION APPLICATION

I, the undersigned Participant, hereby request a distribution from my Profit Sharing Account under the Annuity Fund, and I represent and acknowledge the following:

I certify:

1. That I have an immediate and heavy financial need which will be incurred within the twelve-month period following the date of this request.
  - A. To pay for medical expenses incurred by me, my spouse or a dependent whom I claim on my federal income tax return.
  - B. To pay educational expenses for attendance at an accredited institution beyond high school for me, my spouse, or dependent whom I claim on my federal income tax return.
  - C. To purchase a principal residence; or
  - D. To avoid foreclosure or eviction; or
  - E. To pay to funeral expenses incurred by me because of the death of a spouse, child, brother, sister, parent, or spouse's parent; or
  - F. To pay for overdue Federal or State Income Taxes; or
  - G. To pay for outstanding debts and anticipated reasonable living expenses for immediate family if engaged in the Military Service.
2. That I require a distribution in the amount of \$ \_\_\_\_\_ (must be at least \$1,000) net of any amounts which must be withheld to pay federal, state, or local income tax or penalties in connection with the following (check and complete all that are applicable):

_____ payment of medical expenses.....	\$ _____
_____ educational expenses for myself/spouse/dependent for attendance at an accredited institution beyond high school for a period beginning _____ and ending _____. (not to exceed a twelve-month period).....	\$ _____
_____ purchase of my primary residence .....	\$ _____
_____ avoidance of foreclosure or eviction .....	\$ _____
_____ payment of funeral expenses .....	\$ _____
_____ payment of overdue federal or state tax .....	\$ _____
_____ Military Service – expenses to pay debts and reasonable living expenses for family members .....	\$ _____

3. That attached hereto are true and correct copies of all bills in connection with unreimbursed medical expenses, expenses in connection with attendance at an accredited institution beyond high school, funeral expenses, purchase contracts, mortgages or mortgage commitments and statements in connection with the purchase of my principal residence or notice of foreclosure or eviction, statement from IRS, CT DRS, RI DRS or NY DRS for overdue federal or state income taxes, and related documentation for debts or expenses if engaged in the Military Service.
4. That I will use this distribution solely for the hardship reasons represented in this application.
5. That this distribution will reduce the retirement benefits available to me and my spouse, if married, at retirement.
6. That I may not withdraw an amount in excess of the amount required to meet the applicable expense(s) outlined in paragraph 2, plus income and excise taxes.
7. That I may not receive more than \$70,000 in hardship distributions during my lifetime.
8. That if the distribution is not utilized for one of the hardship reasons, as stated above, for any reason whatsoever, I will accept full responsibility for any and all penalties, additional taxes or other consequences that may arise.
9. That the immediate and heavy financial need cannot be relieved from other resources that are reasonably available to me, such as insurance, liquidation of assets that are reasonably available, or by borrowing from commercial sources on reasonable terms.
10. That I have reviewed the loan rules of the Annuity Fund, and I have determined that a loan from my Annuity Fund account (consisting of employer contributions): (a) is not a viable option for me based on my current employment and/or financial situation, and (b) would serve to cause me further financial hardship.
11. That I hereby agree to hold harmless the Board of Trustees of the Fund and its agents from any and all liability, costs and expenses (including attorney fees and court costs) for any claim, demand or legal action that may be brought against any of them.

Further, with respect to income tax and penalty matters and the actual amount of my hardship withdrawal, I acknowledge the following paragraphs 12-13.

12. I have been made fully aware that my entire hardship withdrawal is subject to income tax, it is not an "eligible rollover distribution" under the Internal Revenue Code, and it is not eligible for "rollover" treatment. I have also been made aware that my hardship withdrawal is subject to 10% federal income tax withholding unless I make an affirmative election to have a different percentage or amount withheld. I also understand that: (a) even if I elect to have no federal income tax withheld, I am still liable for federal income tax on my hardship withdrawal, and (b) I may also be subject to tax penalties under the estimated tax payment rules if my payments of estimated tax and withholding are not adequate.

Further, I understand that a 10% excise tax will normally be imposed by the Internal Revenue Service (IRS) if I receive a distribution before age 59 1/2, including a hardship withdrawal. I also understand that I am fully responsible for payment of any applicable taxes, excise tax(es) and any other penalty(ies) that may be applied by the IRS in connection with my receipt of a hardship withdrawal from the Fund.

13. If I do not have the Fund increase my federal income tax withholding by the amount estimated to be necessary to satisfy any applicable excise tax or penalty, I understand that I am responsible for reporting and paying any excise taxes or other penalties (including those that must be reported on IRS Form 5329) that may be associated with my hardship distribution.

This application must be signed and notarized at least 7 days and not more than 180 days prior to distribution. By signing this application, I confirm to the Fund that all information provided herein is true and correct.

\_\_\_\_\_  
Signature of Member

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

(See back of page for Spouse's Consent Form and/or Certification that Participant is Not Married.  
**MUST BE COMPLETED.**)



# NORTH ATLANTIC STATES CARPENTERS ANNUITY FUND

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## (COMPLETE SECTION I OR II)

**NOTE:** This consent must be signed and notarized at least 7 days and not more than 180 days prior to the distribution.

### I. SPOUSE'S CONSENT TO HARDSHIP DISTRIBUTION

I, the undersigned spouse of \_\_\_\_\_, hereby agree to the following:

1. I hereby consent to my spouse's election for a distribution from his/her Profit Sharing Plan for reasons of financial hardship allowed under the North Atlantic States Carpenters Annuity Fund (the "Fund").
2. I hereby acknowledge that I am fully aware that this distribution will reduce any future benefits that may be due to me and my spouse at retirement, or otherwise; and
3. I hereby agree to hold harmless the Board of Trustees of the Fund, and its agents, from any and all costs and expenses for claims that may be brought against them in connection with my spouse's hardship distribution.

\_\_\_\_\_  
Signature of Spouse

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

### II. CERTIFICATION THAT PARTICIPANT IS NOT MARRIED.

I hereby certify and represent that I am not married, do not have a spouse, and will notify the Fund Office if I marry before the effective date of my distribution.

\_\_\_\_\_  
Signature of Member

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_