

# Northern Illinois Annuity Fund

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Administered by  
Welfare & Pension Administration Service, Inc.

April 17, 2020

**To: All Plan Participants**

**Re: Northern Illinois Annuity Fund – Hardship Withdrawal Plan Changes**

***Important Information:*** Please be sure you and your family read this notice carefully and keep it with your benefit booklet or important paperwork for future reference.

The Board of Trustees recently took action to revise the Hardship provisions of the Plan. First, the Trustees increased the total number of Hardship Withdrawals each Participant may take per lifetime from two (2) to three (3) and broadened the scope of permissible hardship withdrawals. Generally, this provision includes expenses for medical care incurred by the participant, spouse, or any dependent, and now to also include any medical expenses of a close family relative of the participant. Second, the Trustees adopted a Plan Amendment to incorporate the requirements of the SECURE ACT changing the age for calculating Required Minimum Distributions (RMD's) from age 70 1/2 to 72.

1.) **Hardship Provisions** – The Plan states a hardship withdrawal is currently permitted for any of the following reasons:

1. To pay medical expenses, as described in Section 213(d) of the Internal Revenue Code, which are incurred by you, your spouse, your dependent children or your primary beneficiary;
2. To purchase (excluding mortgage payments) a principal residence;
3. To pay tuition for post-secondary education for you, your spouse, your dependent children or your primary beneficiary;
4. To prevent the eviction from your principle residence or foreclosure on the mortgage on your principal residence;
5. Burial expenses due to the death of an immediate family member or primary beneficiary; or
6. Home repair due to a natural disaster.

The total number of hardship withdrawals permitted per participant per lifetime, is three.

This is a reminder than you may only withdraw the amount of the actual need (up to 50% of your account balance). The minimum amount that may be withdrawn as a hardship is \$1,000 per withdrawal.

(over)

## 2.) **Required Minimum Distributions (RMD) Age 72**

The Trustees also adopted a Plan Amendment required by the SECURE Act. RMD's from the Plan can be mandatory under IRS regulations for Participants after attaining certain ages. Prior to December 31, 2019, a Participant aged 70 ½ was required to monitor and apply for a distribution of certain amounts based on a formula and calculation. In December 2019 Congress adopted the SECURE Act effective as of January 1, 2020 which changed the reference age used calculate RMD's from qualified defined contribution plans from age 70 ½ to age 72.

**General Notice Paragraph (below) not intended to be tax or legal advice from the Plan:** A general notice that Participants should consult with an individual tax professional if considering RMD's because this issue is often unique and complicated. In addition, there were several recent legislative changes to the RMD rules that can impact Participants and Beneficiaries. Advice for members participating in multiple qualified defined contribution plans can vary depending on the circumstances and the Participant.

**Board of Trustees  
Northern Illinois Annuity Fund  
EIN: 36-3449836; Plan Number: 001**