

APRIL 2020

IAP HARDSHIP WITHDRAWAL

A Brief Presentation of Plan and Tax Provisions



COVID-19 IAP HARDSHIP WITHDRAWAL: GENERAL DISCLAIMER



This Is A Brief Summary

- ▶ The information presented here is general, high level and educational in nature.
- ▶ The Trust Document and the Summary Plan Description (SPD) for the Individual Account Plan (IAP or “Plan”) include the complete set of Plan rules.
- ▶ In case of any inadvertent errors in this presentation, the rules in the Plan’s Trust Document and SPD will govern.

THE INDIVIDUAL ACCOUNT PLAN **VS.** THE PENSION PLAN

FEATURE	INDIVIDUAL ACCOUNT PLAN	PENSION PLAN
Contributions	Based on Dollar Amount of Wages Earned	Based on Number of Hours Worked
Vesting	1 Qualified Year (400+ Hours)	5 Qualified Years
Benefit Payment	Lump Sum (typical) and Monthly Annuity Option	Monthly Annuity Only
Benefit Amount	Employer Contribution + Investment Gains/Losses	Hours Worked x Hourly Benefit Rate (Reductions and increases based on age at retirement and survivor benefit options)
Hardship Withdrawal Allowed?	Yes, for COVID-19 only.	No, not allowed.
Reduces Retirement Benefit?	Yes, will be impacted	No impact on Pension

COVID-19 IAP HARDSHIP WITHDRAWAL: INTRODUCTION

What is it?	One-time hardship withdrawal from the IAP due to adverse financial consequences from the Coronavirus Pandemic
How much can be withdrawn?	Any amount of \$200 or more; up to 20% of 2018 account balance or \$20,000 maximum (whichever is less)
Is it a loan?	It is not a loan; payback option at no interest within three years
Is a rollover allowed?	Cash distribution only; rollover is not allowed
Who is eligible?	Anyone who is vested in the IAP
When can you apply?	May 1, 2020 – July 31, 2020 (only)
Is the withdrawal taxed?	Tax withholding is optional; able to spread taxes over three years
Penalty for early withdrawal?	No “10% Early Withdrawal Penalty” from IRS

COVID-19 IAP HARDSHIP WITHDRAWAL: QUALIFICATIONS

COVID-19 Certification (Required by Law)

Participants must attest/self-certify they meet one of the hardship requirements:

1

I, my spouse, or my dependent is **diagnosed with the virus SARS–CoV–2 or with coronavirus disease 2019 (COVID–19)** by a test approved by the Centers for Disease Control and Prevention.

OR

2

I am **experiencing 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 the individual due to such virus or disease.

COVID-19 IAP HARDSHIP WITHDRAWAL: ONLINE APPLICATION PROCESS

1

Get Online

- ▶ Go to www.mpiphp.org
- ▶ Register
- ▶ Login
- ▶ Choose the COVID-19 Hardship Withdrawal Form

2

Confirm Address

- ▶ This is an IMPORTANT STEP!
- ▶ Your check will be mailed to the listed address
- ▶ Change if needed. Be sure it is accurate!

3

Learn + Prepare

- ▶ Review all the steps on the IAP Hardship Withdrawal Application Portal
- ▶ Scan all the required documents

4

Submit Form

- ▶ Use our easy Online Application
- ▶ Choose withdrawal amount and tax withholding elections
- ▶ Upload required documents
- ▶ Agree to Terms

5

Receive Check

- ▶ Success!
- ▶ Check is mailed within 30 Days if all documents are received in good order

COVID-19 IAP HARDSHIP WITHDRAWAL: REQUIRED DOCUMENTS



**The following documents
are required to
be submitted
electronically online**

If single, you must provide:

- ▶ An electronic copy (scan or photo) of your personal ID: current (unexpired) government issued document such as driver's license, Passport, U.S. Permanent Resident Card, or U.S. Naturalization Certificate

If married, you must provide:

- ▶ An electronic copy (scan or photo) of your personal ID
- ▶ An electronic copy (scan or photo) of your spouse's ID (must be a "signature ID")
- ▶ An electronic copy of signed spouse's consent (provided online to download)



Look for "UPLOAD" buttons during the application process to submit documents in order

TAX GROSS-UP: HOW IT WORKS

1

Choose Amount

- ▶ Confirm your 2018 IAP Balance
- ▶ Calculate how much you need to withdraw from the IAP account

2

Select Tax

- ▶ Make your tax withholding elections
- ▶ Choose from 0%, 10% or 20%

3

MPI Deducts

- ▶ MPI will subtract your requested withdrawal amount from IAP account
- ▶ If tax withholding amounts have been elected, those amounts will ALSO be deducted from IAP Account

4

Check Mailed

- ▶ IAP Hardship Withdrawal Check is mailed to you

5

Tax Sent

- ▶ Tax withholding amounts are forwarded to IRS and California, if those elections have been made

TAX GROSS UP: IAP HARDSHIP WITHDRAWAL CHECK EXAMPLES

Participant A: Requested check amount of **\$10,000**

- ▶ How much will be deducted from the IAP account in total, including taxes, in the different tax withholding scenarios?
- ▶ Online calculator on the MPI website determines the amounts as follows:

AMOUNTS	20% Fed 2% CA	20% Fed 0 CA	10% Fed 1% CA	10% Fed 0 CA	No Tax Withholding
Total IAP Distribution Amount	\$12,820.51	\$12,500.00	\$11,235.95	\$11,111.11	\$10,000.00
Less Federal Tax Withholding	-2,564.10	-2,500.00	- 1,123.59	-1,111.11	-0
Less California State Tax Withholding	-256.41	-0	-112.36	-0	-0
Amount of Hardship Check	= \$10,000.00	= \$10,000.00	= \$10,000.00	= \$10,000.00	= \$10,000.00

TAX GROSS UP: IAP HARDSHIP WITHDRAWAL CHECK EXAMPLES

Participant B: Requested check amount of **\$20,000**

- ▶ How much will be deducted from the IAP account in total, including taxes, in the different tax withholding scenarios?
- ▶ Online calculator on the MPI website determines the amounts as follows:

AMOUNTS	20% Fed 2% CA	20% Fed 0 CA	10% Fed 1% CA	10% Fed 0 CA	No Tax Withholding
Total IAP Distribution Amount	\$25,641.02	\$25,000.00	\$22,471.91	\$22,222.22	\$20,000.00
Less Federal Tax Withholding	-5,128.20	-5,000.00	- 2,247.19	-2,222.22	-0
Less California State Tax Withholding	-512.82	-0	-224.72	-0	-0
Amount of Hardship Check	= \$20,000.00	= \$20,000.00	= \$20,000.00	= \$20,000.00	= \$20,000.00

COMMENTS AND QUESTIONS



Contact MPI at:

- ▶ service@mpiphp.org
- ▶ (855) 275-4674
6:00 AM – 6:00 PM Pacific Time