

GREATER PENNSYLVANIA CARPENTERS'

EMPLOYEE TRUSTEES

JOHN A. BROOKS
CHAIRMAN
RAYMOND W. VOGEL, JR.
MICHAEL P. WELSH

• *Annuity and Savings Fund* •

ADMINISTRATIVE OFFICE:

CARPENTERS' COMBINED FUNDS, INC.

JAMES R. KLEIN, ADMINISTRATOR

650 RIDGE ROAD - SUITE 300

PITTSBURGH, PENNSYLVANIA 15205-4350

PHONE (412) 922-5330

EMPLOYER TRUSTEES

JACK W. RAMAGE
CO-CHAIRMAN
FREDERICK EPISCOPO
JOHN P. MAFFEO, JR.

Dear Member:

Enclosed you will find the application in order to apply for withdrawal of funds from the Annuity and Savings Fund.

If you are applying for a HARDSHIP withdrawal, you must enclose a letter explaining the nature of your hardship. Also, in order for the Board of Trustees to consider your request, you must enclose copies of the overdue mortgage, utility, car payment, closing cost or other bills that document your hardship.

Please note that federal law imposes a mandatory 20% federal tax withholding on any distribution eligible for rollover if the participant does not elect to have it paid directly to another qualified plan. If you do not complete the section of the application giving us the information for a direct rollover, 20% federal tax will be withheld from your check. Please refer to the enclosed statement, which explains rollovers in more detail.

Also note that, if you receive a payment before you reach age 59-1/2 and you do not roll it over, then in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax does not apply to your payment if it is (1) paid to you because you separate from service with your employer during or after the year you reach age 55, (2) paid because you retire due to disability, (3) paid to you as equal (or almost equal) payments over your life or life expectancy (or you and your beneficiary's lives or life expectancies), or (4) used to pay certain medical expenses. See IRS Form 5329 for more information on the additional 10% tax.

If you are married or separated, your spouse must sign the application and it must be notarized. If you are single, divorced, a widow or widower, the application does not have to be notarized.

Should you have any questions concerning your Plan, please feel free to contact the administrative office.

Sincerely,

Board of Trustees

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December 21, 1994

Dear Member:

During a recent review of our Annuity and Savings Fund Plan, we learned that we must tighten up our processing of withdrawals of dollars not in the account for at least two years. Failure to do so could result in disqualification of the Plan and tax penalties for all participants.

Effective immediately, applications for in-service hardship distributions will not be accepted on dollars that have not been in the fund for at least two years, except as itemized below. Dollars hardship withdrawal when the participant's economic emergency or serious economic need involves the following:

- Unreimbursed out-of-pocket expenses incurred or necessary for medical care of the participant or the participant's spouse or dependents.
- Purchase (excluding mortgage payments) of a principal residence for the participant.
- Payment of tuition and related educational fees for post-secondary education for the participant or the participant's spouse or dependents.
- Payment to prevent eviction of the participant from his / her principal residence or foreclosure of the mortgage on the participant's principal residence.

In addition, participants applying under this provision must submit documentation of the nature of their hardship and the amount needed and must certify that they do not have other financial resources to meet this need. Requests for dollars in excess of the documented economic emergency will not be approved.

Please remember that strict enforcement of this provision is necessary in order for the Plan to maintain its tax deferred status. Should the Plan be disqualified, all participants could suffer tax penalties.

Should you have any questions on this or any provision of your Annuity and Savings Plan, please do not hesitate to call the Fund Office. Also be advised that, in the near future, you will be sent a copy of the entire Amended and Restated Trust Document.

Sincerely,

Board of Trustees

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

This notice contains important information you will need before you decide how to receive your Plan benefits.

This notice is provided to you by the Fund Office because all or part of the payment that you will soon receive from the Greater Pennsylvania Carpenters Annuity and Savings Fund (“the Fund”) may be eligible for rollover to a traditional IRA or another qualified employer plan. A “traditional IRA” does not include a Roth IRA, SIMPLE IRA, or education IRA.

If you have additional questions after reading this notice, you can contact the Fund Office at (412)-922-5330 or (800)-242-2539 (for long distance calls within Pennsylvania).

CONTENTS

I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER.....	1
II. DIRECT ROLLER.....	1
III. PAYMENT PAID TO YOU	2
IV. SURVIVING SPOUSES, ALTERNATIVE PAYEES, AND OTHER BENEFICIARIES	4

I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

Payment from the Plan may be “eligible roller distributions”. This means that they can be rolled over to an IRA or to another employer plan that accepts rollovers. Payments from a plan cannot be rolled over to a Roth IRA, SIMPLE IRA, or education IRA. The Fund Office should be able to tell you what portion of your payment is an eligible rollover distribution.

The following type payments cannot be rolled over:

Payments Spread over Long Periods. You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for a period of ten years.

Required Minimum Payments. Beginning when you reach age 70-1/2 or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a “required minimum payment” that must be paid to you. Special rules apply if you own 5% or more of your employer.

II. DIRECT ROLLOVER

A DIRECT ROLLOVER is a direct payment of the amount of you Plan benefits to a traditional IRA or another qualified employer plan that will accept it. You can choose a DIRECT ROLLOVER of all or any portion of your payment that is an eligible rollover distribution, as described in Part I above. You are not taxed on any portion of your payment for which you choose a DIRECT ROLLOVER until you later take it out of the traditional IRA or qualified employer plan. In addition, no income tax withholding is required for any portion of your Plan benefits for which you choose a DIRECT ROLLOVER.

DIRECT ROLLOVER to a Traditional IRA. You can open a traditional IRA to receive the direct rollover. If you choose to have your payment made directly to a traditional IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to a traditional IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish a traditional IRA to receive the payment. However, in choosing a traditional IRA, you may wish to consider whether the traditional IRA you choose will allow you to move all or a part of your payment to another traditional IRA at a later date, without penalties or other limitations. See IRS Publication 590, Individual Retirement

Arrangements, for more information on traditional IRAs (including limits on how often you can roll over between IRAs).

DIRECT ROLLOVER to a Plan. If you are employed by a new employer that has a qualified employer plan, and you want a direct rollover to that plan, ask the plan administrator of that plan whether it will accept your rollover. A qualified employer plan is not legally required to accept a rollover. If your new employer's plan does not accept a rollover, you can choose a DIRECT ROLLOVER to a traditional IRA.

DIRECT ROLLOVER to a Series of Payments. If you receive a payment that can be rolled over to a traditional IRA or another qualified employer plan that will accept it, and it is paid in a series for less than ten years, your choice to make or not make a DIRECT ROLLOVER for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

III. PAYMENT PAID TO YOU

If your payment can be rolled over under Part I above and the payment is made to you in cash, it is subject to 20% income tax withholding. The payment is taxed in the year you receive it unless, within 60 days, you roll it over to a traditional IRA or another qualified employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

Income Tax Withholding:

Mandatory Withholding. If any portion of your payment can be rolled over under Part I above and you do not elect to make a DIRECT ROLLOVER, the Plan is required by law to withhold 20% of that amount. This amount is sent to the IRS as income tax withholding. For example, if you can roll over a payment of \$10,000, only \$8,000 will be paid to you because the Plan must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, you must report the full \$10,000 as a payment from the Plan. You must report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year.

Voluntary Withholding. If any portion of your payment is taxable but cannot be rolled over under Part I above, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. To elect out of withholding, ask the Fund Office for the election form and related information.

Sixty-Day Rollover Option. If you receive a payment that can be rolled over under Part I above, you can still decide to roll over all or part of it to a traditional IRA or another qualified employer plan that accepts rollovers. If you decide to roll over, you must contribute the amount of the payment you received to a traditional IRA or another qualified plan within 60 days after you receive the payment. The portion of your payment that is rolled over will not be taxed until you take it out of the traditional IRA or the qualified employer plan.

You can roll over up to 100% of your payment that can be rolled over under Part I above, including an amount equal to the 20% that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the traditional IRA or the qualified employer plan, to replace the 20% that was withheld. On the other hand, if you roll over only the 80% that you received, you will be taxed on the 20% that was withheld.

Example: The portion of your payment that can be rolled over under Part I above is \$10,000, and you choose to have it paid to you. You will receive \$8,000 and \$2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000, you may roll over the entire \$10,000 to a traditional IRA or a qualified employer plan. To do this, you roll over the \$8,000 you received from the Plan, and you will have to find \$2,000 from other sources (your savings, a loan, etc.). In this case, the entire \$10,000 is not taxed until you take it out of the traditional IRA or the qualified employer

plan. If you roll over the entire \$10,000, when you file your income tax return you may get a refund of part or all of the \$2,000 withheld.

If, on the other hand, you roll over only \$8,000, the \$2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return you may get a refund of the part of the \$2,000 withheld. (However, any refund is likely to be larger if you roll over the entire \$10,000.)

Additional 10% Tax If You Are under Age 59-1/2. If you receive a payment before you reach age 59-1/2 and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax generally does not apply to (1) payments that are paid after you separate from service with your employers during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (4) payments that are paid directly to the government to satisfy a federal tax levy, (5) payments that are paid to an alternate payee under a qualified domestic relations order, or (6) payments that do not exceed the amount of you deductible medical expenses. See IRS Form 5329 for more information on the additional 10% tax.

Special Tax Treatment If You Were Born Before January 1, 1936. If you receive a payment that can be rolled over under Part I and you do not roll it over to a traditional IRA or other qualified employer plan that will accept it, the payment will be taxed in the year you receive it. However, if the payment qualifies as a "lump sum distribution", it may be eligible for special tax treatment. A lump sum distribution is a payment, within one year, of your entire balance under the Plan (and certain other similar plans of the employer) that is payable to you after you have reached age 59-1/2 or because you have separated from service with you employer (or, in the case of a self-employed individual, after you have reached age 59-1/2 or have become disabled). For a payment to be treated as a lump sum distribution, you must have been a participant in the plan for at least five years before the year in which you received the distribution. The special tax treatment for lump sum distributions that may be available to you is described below.

Ten Year Averaging. If you receive a lump sum distribution and you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using "10-year averaging" (using 1986 tax rates). Ten-year averaging often reduces the tax you owe.

Capital Gain Treatment. If you receive a lump sum distribution and you were born before January 1, 1936 and if you were a participant in the Plan before 1974, you may elect to have the part of your payment that is attributable to your pre-1974 participation in the Plan taxed as long-term capital gain at a rate of 20%.

There are other limits on the special tax treatment for lump sum distributions. For example, you can generally elect this special tax treatment only once in your lifetime, and the election applies to all lump sum distributions that you receive in that same year. If you have previously rolled over a distribution from the Plan (or certain other similar place of the employer), you cannot use this special averaging treatment for later payments from the Plan. If you roll over your payment to a traditional IRA, you will not be able to use special tax treatment for later payments from the traditional IRA.

Also, if you roll over only a portion of your payment to a traditional IRA, this special tax treatment is not available for the rest of the payment. See IRS Form 4972 for additional information on lump sum distributions and how you elect the special tax treatment.

VI. SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

In general, the rules summarized above that apply to payments to employees also supply to payments to surviving spouses of employees and to spouses or former spouses who are "alternate payees". You are an alternate payee if your interest in the Plan results from a "qualified domestic relations order", which is

an order issued by a court, usually in connection with a divorce or legal separation. Some of the rules summarized above also apply to a deceased employee's beneficiary who is not a spouse. However, there are some exceptions for payments to surviving spouses, alternate payees, and other beneficiaries that should be mentioned.

If you are a surviving spouse, you may choose to have a payment that can be rolled over, as described in Part I above, paid in a DIRECT ROLLOVER to a traditional IRA or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a traditional IRA but you cannot roll it over to a qualified employer plan. If you are an alternate payee, you have the same choices as the employee. Thus, you can have the payment paid as a direct rollover or paid to you. If you have it paid to you, you can keep it or roll it over yourself to a traditional IRA or to another qualified employer plan that accepts rollovers.

If you are a beneficiary other than the surviving spouse, you cannot choose a direct rollover, and you cannot roll over the payment yourself.

If you are a surviving spouse, an alternate payee or another beneficiary, your payment is generally not subject to the additional 10% tax described in section III above, even if you are younger than age 59-1/2.

If you are a surviving spouse, an alternate payee, or another beneficiary, you may be able to use the special tax treatment for lump sum distributions as described in section III above. If you receive a payment because of the employee's death, you may be able to treat the payment as a lump sum distribution if the employee met the appropriate age requirements, whether or not the employee had 5 years of participation in the Plan.

HOW TO OBTAIN ADDITIONAL INFORMATION

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with a professional tax advisor before you take a payment of your benefits from your Plan. Also, you can find more specific information on the tax treatment of payments from qualified retirement plans in IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office, on the IRS's Internet Web Site at www.irs.gov, or by calling 1-800-TAX-FORMS.