

COVID-19 Hardship Distributions and Qualified Birth or Adoption Distributions under the Secure Act

In response to the COVID-19 pandemic, the Trustees of the Entertainment Industry 401(k) Plan amended the Plan to allow Hardship Distributions due to economic circumstances of the Participant, the Participant's spouse, children, dependents, or 401(k) Plan Beneficiary, resulting from the COVID-19 virus that have triggered the Participant's immediate and heavy financial need.

- Temporarily, distributions may be requested one time every 30 days instead of every 90 days. This will allow participants to request a distribution only for current needs because, under current law, once distributed the funds cannot be redeposited.
- A Direct Deposit (ACH) option is available.
- Under current law, COVID-19 hardship distributions are subject to the 10% early withdrawal penalty.

Also, Qualified Birth or Adoption Distributions may be made from the Plan.

- The request must be received within one year of the birth of the Participant's child, or within one year of when the adoption of an "eligible adoptee" is finalized.
- An "eligible adoptee" is any individual (other than a child of the Participant's spouse) who has not attained age 18 or is physically or mentally incapable of self-support.
- The maximum aggregate amount of a qualified birth or adoption distribution is \$5,000 per Participant, applied on an individual basis for any birth or adoption.
 - If both spouses participate in the Plan, each Participant may receive a separate maximum aggregate amount of \$5,000.

What part of the Participant's account balance may be distributed due to a Hardship or Qualified Birth or Adoption?

- **The IRS does not allow distributions from a Participant's Employer Contributions unless the Participant is over age 59 ½ or has not received contributions within the last 12 work months.**

- The Participant’s voluntary withholding (elective deferral) account balance, including pre-tax elective deferrals and after-tax deferrals (Roth), may be distributed due to a Hardship or Qualified Birth or Adoption.
 - If the Participant did not have withholdings from their paycheck, they do not qualify for the distributions outlined above.
- Participants can use this guide to determine if they made voluntary withholdings:
 - If they do not have an Enrollment/Beneficiary Form on file, they do not qualify.
 - They must log in to their 401(k) Plan Account.
 - Select the “Balance Inquiry by Contribution Source” option.
 - Distributions may only be made from the following balances:
 - Voluntary Deductible Contribution
 - Roth After-tax Contribution

How does a Participant apply for a distribution?

- Verify eligibility for a distribution (described above)
- Call Member Services at 323/993-8888 or 888/FLEX-401K, Option 1, between the hours of 07:30 am - 05:00 pm PT (Monday through Friday).
 - To be eligible for processing, the Distribution Application must be generated for the Participant by the Administrative Office. Photocopied forms will not be processed.