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CARES Act

What does the CARES Act mean for your retirement savings?

As you may have heard, the federal government recently passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act to help address the economic fallout of the coronavirus pandemic. The passage of the bill extends some additional options to certain retirement plan participants, if the plan allows.

What relief is available under the Act?

Qualified Individuals (as defined below) may have the following retirement plan options:

- **Increased access to withdraw retirement savings.** Until December 31, 2020, a new distribution called a "coronavirus-related distribution" ("CRD") may be available, which allows for a distribution of a participant's vested balance up to $100,000. The distribution is not subject to a 10% early withdrawal penalty; however, ordinary income tax still applies. The taxable amount is subject to Federal income tax withholding of 10% (plus any applicable state and/or local income tax) unless you elect a different withholding amount, including no withholding. The distribution may be repaid within three years to a plan or IRA that accepts rollovers, if desired. Talk to a qualified tax advisor for additional tax implications.
- **Increased loan limits.** Until September 22, 2020, retirement plans may issue coronavirus-related loans ("CRLs") at an increased maximum amount that does not exceed the lesser of $100,000 or 100% of a participant's vested balance.
- **Ability to delay loan repayments**. Loan repayments that have not been made and are due during the period beginning on or after March 27, 2020 and ending on December 31, 2020 may be delayed. The term of the loan will be appropriately adjusted to reflect the delay. Note that interest will continue to accrue while payments are delayed.

Who qualifies for the retirement plan relief measures in the CARES Act?

A Qualified Individual is one:

- who has been 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;

- whose spouse or dependent is diagnosed with such virus or disease by such a test; or

- who experiences 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, or other factors as determined by the Secretary of the Treasury.

How does the CARES Act impact Required Minimum Distributions (RMDs)?

The Act provides for the temporary waiver of any RMDs due in 2020. This waiver applies to all individuals, not just Qualified Individuals. If an RMD payment was already taken, you may be able to roll it back into the plan or into an IRA. Talk to a qualified tax advisor about your individual situation.

If you have RMD payments set up to automatically withdraw from your account, your payments will continue as scheduled. Contact Participant Services at the number listed below if you have scheduled RMD payments in 2020 that you would like to discontinue.

Where are the required forms located to take advantage of the retirement plan options noted above?

- The “coronavirus-related distribution request form” and the “coronavirus-related loan repayment extension form” are now available on the Participant Website.
- The “coronavirus-related loan form” can be obtained by contacting Participant Services at the number listed below.

Have questions? Contact Participant Services at (800) 204-3731 for assistance.