

## **PARTICIPANT COMMUNICATION – The CARES Act**

In response to Congress passing the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”) on March 27, 2020, your employer is making the provisions described below available to “qualified individuals” participating in your employer’s retirement plan. Please note that we are providing you the below information as courtesy. **We are not attorneys or tax professional, and this information is not intended as legal or tax advice**, and you should consult your own legal or tax professionals for any such advice.

The provisions described below were enacted by Congress to provide relief to those impacted by COVID-19. The law may change or be amended, and we will continue doing our best to keep you and your employer updated of any such revisions that may affect your retirement plan.

- ◆ **Required Minimum Distributions (RMDs):** Any participant or beneficiary RMD scheduled for 2020 will not be distributed, because RMDs are not required for the year 2020.
- ◆ **Penalty-Free Distributions:** Allows “qualified individuals” to take up to \$100,000 from the eligible retirement plan if taken between January 1, 2020, and December 30, 2020. Distributions will not be subject to the usual 10% early withdrawal penalty if you have not attained age 59 ½. These distributions are not eligible for rollover, which means federal withholding would be 10% (along with any applicable state withholding) rather than 20%. The 10% withholding (along with applicable state) can be waived.
- ◆ **Increased Loan Limits:** Allows “qualified individuals” to take a loan for the lesser of 100% of their vested account balance or \$100,000 (reduced by the qualified individual’s highest outstanding loan balance in the last 12 months). Increased amounts only apply to loans taken between March 27, 2020, and September 23, 2020.
- ◆ **Suspension of Loan Repayments:** Allows “qualified individuals” with outstanding loans (on or after March 27, 2020) to suspend loan repayments due from March 27, 2020, through December 31, 2020, for up to one year. Interest will continue to accrue during this period. Loan term may be extended for a period of up to one year without violating the 5-year maximum term under regulations.

To be a “qualified individual” eligible for any of the above, you must meet one of the following criteria:

- 1) You are or have been diagnosed with COVID-19 (as confirmed by a CDC-approved test);
- 2) Your spouse or dependent has been diagnosed with COVID-19; or
- 3) You have suffered financially from the pandemic because, as a result of the pandemic:
  - a. You have been laid off, furloughed, quarantined, or had hours reduced;
  - b. You cannot work due to the unavailability of childcare; or
  - c. Your own business has had to close or reduce hours.