

THE CARES ACT FREQUENTLY ASKED QUESTIONS

Q: What three important CARES Act provisions apply only to participants eligible for a “coronavirus-related distribution”.

A: The following provisions apply:

1. Allow eligible participants to request in service distributions up to the lesser of \$100,000 or 100% of a participant's vested balance (in aggregate across all plans) for qualifying coronavirus related reasons.
2. Waiver of the 10% premature penalty tax on distributions (if applicable).
3. Increased loan limits and extended repayments

Q: How do I qualify for a Coronavirus in service distribution or increased loan maximum and suspension of loan repayments?

A: A participant must meet one of the criteria below:

- The participant is Diagnosed with COVID-19 by a test approved by the Centers for Disease Control and Prevention
- The participant’s spouse or dependent is so diagnosed, or
- A participant who, due to such virus or disease, experiences adverse financial consequences as a result of:
 1. Being quarantined
 2. Being furloughed or laid off
 3. Having work hours reduced,
 4. Being unable to work due to lack of child care, or
 5. Closing or reducing hours of a business owned or operated by the individual.

Coronavirus-Related Distributions

Q: What is an in service distribution?

A: Traditionally 457 plans do not allow in-service distributions, however the CARES Act temporarily allows a participant to take a distribution up to a maximum of \$100,000.00 until December 31, 2020.

Q: Can I take an in service distribution from my 401(a) plan?

A: Yes, traditionally in service distributions are allowed but are subject to a 10% tax penalty if taken prior to age 59 ½. The CARES Act waives the 10% tax penalty until December 31, 2020. This also applies to rollover money from a 401(k) plan.

Q: If I have \$100,000 in my 457 and \$50,000 in my 401(a) can I withdraw more than \$100,000?

A: No, the \$100,000 maximum is across all plans in aggregate.

Q: Can a coronavirus-related distribution be repaid into the plan?

A: Yes, any participant who takes a coronavirus-related distribution must be given the option of re-contributing the distribution back into a plan that accepts rollover distributions for three years after taking the distribution. The CARES Act provides that the re-contribution is treated as a rollover into the plan.

Q: If there is no tax withholding required, when is the tax due?

A: Regular income tax due on coronavirus-related distributions is spread ratably over 3 years unless the person elects otherwise.

Q: How can I request a coronavirus-related distribution?

A: To apply for a coronavirus-related distribution, login to your account online, click on the plan name and select Plan forms to access the request form or call (866) 457-2254 to request a form.

Coronavirus-Related Loans

Q: How many loans are allowed?

A: A maximum of two loans

Q: What is the difference between a coronavirus-related loan and a standard loan?

A: There are two differences:

1. A "qualified loan" is any new loan to an eligible person. The maximum loan limit is increased from \$50,000 or 50% of the vested account balance to \$100,000 or 100% of the vested balance for new qualified loans taken between March 27, 2020 and September 23, 2020 (180 days after date of enactment).
2. Loan payments and loans due between March 27, 2020 and December 31, 2020 can be delayed by one year. Remaining loan payments beginning in 2021 will be re-amortized and the loan maturity date will be extended to reflect the repayment delays, plus accrued interest (result will be a slight increase in the payment).

Q: If I have \$100,000 in my 457 and \$50,000 in my 401(a) can I borrow more than \$100,000?

A: No, the \$100,000 maximum is across all plans in aggregate.

Q: If I have a current loan that is not current on payments, can I still suspend payments?

A: No, the loan(s) must be current in order to delay payments until December 31, 2020.

Q: How can I request a coronavirus-related loan or delay of payments?

A: To apply for a coronavirus-related loan/delay payments, call (866) 457-2254 to request a form.

Required Minimum Distributions

Q. Do I need to take an RMD in 2020?

A. No, RMDs are not due in 2020 from 401(a), 401(k), 403(b), governmental 457(b) plans and IRAs.

Q. Will I be notified about my options?

A. Yes, participants that have RMD's due in 2020 will be notified by Empower.

Q. If I am currently receiving RMD periodic/installment payments will they continue?

A: Yes, if a participant has an existing periodic or installment payment established and is scheduled to receive payment(s) in 2020, the payment(s) will process as scheduled. We will provide instructions to these participants on how to contact Empower to cancel or alter these scheduled payments.

