

## 2020 COVID-19 Tax Relief Notice for Retirement Plan Participants

### GENERAL INFORMATION

The coronavirus (COVID-19) is rapidly having a drastic impact on numerous parts of the United States of America. President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) on **March 27th, 2020**, which provides retirement plan tax relief for millions of affected qualifying participants.

You or your employees may be eligible for special tax treatment for a distribution or loan from an eligible retirement plan if you or your employee is an affected participant and qualify for the distribution relief. Your retirement plan now includes new features specifically intended for qualifying participants affected by COVID-19:

- Qualified COVID-19 Related Distributions
- Qualified COVID-19 Related Loan Relief

Each participant's situation and needs are different. The following chart is intended to highlight the general differences between COVID-19 Tax Relief options and hardship withdrawals in a FEMA disaster area to help you or your employee decide. This is a general overview only; please confirm specific terms of your plan with your Plan Administrator.

	Qualified COVID-19 Related Distribution	Qualified COVID-19 Related Loan Relief	Hardship Withdrawal (in FEMA Disaster Area)
<b>When can I request money from my retirement plan?</b>	<b>3/27/2020 through 12/31/2020</b>	<b>3/27/2020 through 9/20/2020</b>	<b>1/20/2020 and continuing</b>
<b>What are the qualifications?</b>	<p>A participant actively employed (or on leave of absence) under age 59 ½ years of age who satisfies one or more of the following:</p> <ul style="list-style-type: none"> <li>• A participant is diagnosed with COVID-19; or</li> <li>• A participant's spouse or dependent is diagnosed with COVID-19; or</li> <li>• A participant (not diagnosed) but incurs a financial hardship from being quarantined due to COVID-19 including:                             <ul style="list-style-type: none"> <li>▪ Furlough</li> <li>▪ Lay-off</li> <li>▪ Reduction of work hours</li> <li>▪ Unable to work due to no child care</li> <li>▪ Business closed/hours reduced due to owner's diagnosis of COVID-19.</li> </ul> </li> </ul>		<p>A participant actively employed (or on leave of absence) under age 59 ½ years of age who satisfies one or more of the following:</p> <ul style="list-style-type: none"> <li>• Expenses and losses (including loss of income) that participant incurred as a result of a disaster declared by FEMA. Go to <a href="https://www.fema.gov/coronavirus">https://www.fema.gov/coronavirus</a> for a complete list of states.</li> </ul> <p>Refer to your plan's Summary Plan Description (SPD) for a complete list of hardship reasons.</p>

	Qualified COVID-19 Related Distribution	Qualified COVID-19 Related Loan Relief	Hardship Withdrawal (in FEMA Disaster Area)
<b>How much is available to me?</b>	You can obtain a distribution of up to the <u>lesser</u> of 100% of your vested account balance or \$100,000 of all of your retirement plans under that employer.	If your plan allows for loans, you can obtain a new loan of up to the <u>lesser</u> of 100% of your vested account balance or \$100,000. This amount is then reduced by the highest outstanding balance of all loans during the past 12 months. Refer to your Plan Highlights document to determine if your plan allows for loans.	Your plan allows hardship withdrawals. Refer to your plan's Summary Plan Description (SPD) and accompanying handouts for plan specific information.
<b>Which sources can the amount come from?</b>	All <u>VESTED</u> Contribution Sources	All <u>VESTED</u> Contribution Sources.	All <u>VESTED</u> Contribution Sources.
<b>Do I need to provide proof that I meet the qualifications?</b>	<b>You must sign a self-certification statement and may be requested to provide proof that you qualify for this COVID-19 Tax Relief (as listed above) to your Plan Administrator.</b>		<b>You must sign a self-certification statement and may be requested to provide proof that you qualify in the FEMA area to your Plan Administrator.</b>
<b>When do I <u>have</u> to start to repay the amount to the plan?</b>	Repayment is not required.	<b>New and Existing Loan</b> balances held at any time between 3/27/2020 through 12/31/2020 may defer repayments for up to <b>1 year</b> .	<b>You may NOT repay this distribution amount to your plan or IRA.</b>
<b>When do I have to finish repaying the amount?</b>	If desired, your COVID-19 distribution amount (all or part) may be <b>recontributed within 3 years after</b> the distribution, to any 401(k), 403(b) or 457(b) plan, or IRA that allows rollover contributions. However, repayment is not required.	By the end of the loan term, which can be as much as 6 years after the loan is taken. This includes all accrued interest on the loan balance.	<b>You may NOT repay this distribution amount to your plan or IRA.</b>

	Qualified COVID-19 Related Distribution	Qualified COVID-19 Related Loan Relief	Hardship Withdrawal (in FEMA Disaster Area)
How is the amount taxed?	<p>Federal Income Tax = 10% -----<del>OR</del>-----</p> <p>You may request reduced or 0% tax withholding from your distribution by submitting a IRS Form W4-P Form and spread your tax liability over a <b>3-year period (repay with personal tax filings)</b>. Consult your tax advisor for details.</p>	<p>If you repay the loan timely, you will not be taxed. However, if you default on the loan because you cannot make timely repayments, you will be taxed on the defaulted loan amount in one taxable year.</p>	<p>Federal Income Tax = 10% -----<del>OR</del>-----</p> <p>You may request reduced or 0% tax withholdings from your distribution by submitting a IRS W4-P and repay your tax liability with your <b>personal tax filing for this year</b>. Consult your tax advisor for details.</p>
Is the 10% early withdrawal penalty tax applicable?	<b>No</b>	No, unless you default on the loan.	<b>Yes</b>
Is interest payable on the amount?	<b>No</b>	<b>Yes.</b> Interest will be accrued per the amortization schedule and during any loan repayment delayed timeframe.	<b>No</b>
Is there a fee to obtain the amount?	<b>Yes</b> (Refer to Plan Administrator with questions)	<b>Yes.</b> Loan application fees and loan maintenance fees will apply, the same as for other plan loans. Please refer to your plan's Participant Fee Disclosure Notice.	<b>Yes</b> (Refer to Plan Administrator with questions)
Will my future salary deferral contributions be suspended for 6 months?	<b>No</b>		

## **TAX REPORTING**

**Tax Reporting** - *IRS Form 1099-R (Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.)* will be mailed or sent via e-mail notification in January of the calendar year after the year that you receive your qualified COVID-19 distribution. That form will include information about the gross and taxable amount of your distribution and any applicable federal and state income tax withholding. The information on *IRS Form 1099-R* will also be reported to the IRS. You should use that information to prepare your federal and state income tax returns to report any distributions that qualify for the income tax relief.

## **MORE INFORMATION**

Please contact your retirement Plan Administrator for assistance initiating any of these COVID-19 Tax Relief options. For additional information on these IRS regulations, please refer to *IRS Publication 976* located on the IRS web site [www.irs.gov](http://www.irs.gov).