

Coronavirus-Related Loans

Q&A for Plan Sponsor

What is a Coronavirus-Related Loan and are they available from my 401(k) plan?

- **Coronavirus-Related Loans**

- Plan loan limits are increased for Qualified Individuals (see “qualified individual” below) to the lesser of:
 - \$100,000; or
 - 100% of their vested account balance.
- Timing - Covid-19 loans must be taken from March 27, 2020 and September 23, 2020.

- **Coronavirus-Related Loan Payment Relief**

- Qualified individuals may postpone loan repayments due from the date of enactment of the Act (March 27, 2020) through December 31, 2020 for up to one year. The plan can choose to extend the term of the loan for up to a year as well. The loan will continue to accrue interest during the period of the suspension of repayments. The loan will be reamortized before loan repayments recommence to incorporate the accrued loan interest.

- **Qualified individual**

- Eligibility for the penalty-free \$100,000 withdrawal and the adjustment to the loan limits is conditioned upon an individual meeting one of the following criteria:
 - Is diagnosed with COVID-19;
 - Whose spouse is diagnosed with COVID-19;
 - Who experiences adverse financial consequences due to furlough, quarantine, layoff, reduction in hours, inability to work due to lack of child care due to COVID-19, or closing of business/reduction of hours by individual due to COVID-19; or
 - Factors determined by the Secretary of the Treasury
- Importantly, the Act does not require the plan sponsor to verify whether an individual qualifies for the COVID-19 adjusted loan limits or the \$100,000 withdrawal. The plan sponsor may rely upon a participant’s certification for eligibility.

Plan sponsor has discretion whether to offer these design elements in their qualified plan

How may a participant request a Coronavirus-Related Loan, if I elect to add the provisions to my plan?

The participant will need to complete and sign a “Coronavirus-Related Loan” form from your Recordkeeper.

What if I have questions?

You can contact your Recordkeeper’s service team or contact us at Trinity Advisors. Reach out to Michael at Trinity Investment Advisors, mkmccabe@trinityadvisorsgroup.com or (610) 344-9300.

The above is a summary based on current understanding of the new legislation. Some changes may occur as recordkeepers work through the logistics.

