

The CARES Act and Your Retirement Plan Account



On March 27, 2020, President Trump signed a stimulus bill into law that became effective immediately. The Coronavirus Aid, Relief and Economic Security, or CARES, Act provides relief for retirement plan investors affected by COVID-19.

If your plan has adopted the Act's provisions, you'll be able to take a distribution or loan (if your plan permits them) if you have a COVID-19-related need (see sidebar for eligibility). You'll need to use a special form for this type of request and your employer will need to sign it. If your employer is unable to sign your form, we'll also accept an email from them stating their approval.

Visit Personal Savings Center at standard.com/login to access the special CARES Act forms for a COVID-19-related distribution or loan (if your plan permits).

Here's a summary of the changes.

Penalty-free distributions from retirement accounts

Up to \$100,000 can be withdrawn from your retirement plan account in 2020 with the 10% premature distribution penalty waived. Income tax on the taxable portion of the distribution can be spread over a three-year tax period. You will not be charged a distribution processing fee through Aug. 31 for this special distribution.

Repayment of distributions

You can repay a coronavirus-related distribution within three years of the date of your distribution. It can be made in increments not to exceed the amount of the distribution that would otherwise be eligible for rollover.

Increased loan limits (if your plan permits loans)

Loans are also permitted if you're affected by COVID-19, with the loan limit increased to the lesser of \$100,000 or 100% of your nonforfeitable account balance for 180 days after enactment of law (which will be Sept. 23). Loan repayments due between the date of enactment through Dec. 31, 2020, may be delayed for one year or, if later, one year after the enactment. You will not be charged a loan origination fee through Aug 31.

Required minimum distributions waived for 2020 (whether or not your employer adopts the Act's provisions)

The Act provides a temporary waiver of the required minimum distribution and suspends it for 2020. This applies to any distribution required to be made in the calendar year 2020 because of a required beginning date in 2020 or because the distribution was not made before Jan. 1, 2020. Beneficiaries receiving distributions over a 5- or 10-year period can waive the distribution for 2020.



How do I know if I'm eligible for a COVID-19-related distribution or loan?

You are eligible for a COVID-19-related distribution or loan (if your plan permits loans) if:

- You, your spouse or qualified dependent are diagnosed with the virus (by a CDC-approved test)
- You experience virus-related financial consequences as a result of quarantine, furlough, layoff, reduced work hours or lack of childcare due to COVID-19 reasons.



Questions? Call us at **800.858.5420** or email **savings@standard.com**.

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