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CARES Act Changes to the Employee Retirement Plan



Dear faculty and staff colleagues:

Participants in the university's 403(b) Employees Retirement Plan should be aware of options now available as a result of the Coronavirus Aid, Relief and Economic Security (CARES) Act. As always, we recommend reaching out to your Fidelity or TIAA financial consultant to review your current situation – along with short- and long-term financial goals – before making any decisions.

The university has adopted the following CARES Act provisions for our retirement plan:

- Penalties and withholdings are waived for qualified CARES Act distributions from retirement plan accounts; and
- Retirement plan loan limits have been increased for 2020 and loan repayments may be deferred until 2021.

Q: Who is eligible to request a special cash withdrawal from the retirement plan?

A: You are eligible to take a special cash distribution or plan loan if any of the below conditions are met:

- You have been diagnosed with COVID-19 by a test approved from the Centers for Disease Control and Prevention;
- You have a spouse or dependent who has been diagnosed with COVID-19;
- You suffer financial consequences as a result of quarantine, employment furlough, layoffs, reduced work hours or cannot work due to lack of child care as a result of coronavirus;

- You experience a financial loss to an individually owned or operated business that is caused by a closing or reduction of hours due to coronavirus; or
- Other factors as determined by the Secretary of the Treasury or his delegate.

As permitted by the CARES Act, each Participant will self-certify that they satisfy one or more of the above conditions before receiving a CARES Act cash withdrawal. CARES Act withdrawals must be made before December 31, 2020 unless the date is extended by the U.S. Department of Treasury. Administrative considerations may require the imposition of an earlier deadline for submission of distribution requests.

Q: What are the cash withdrawal changes within the CARES Act?

A: Penalties and required withholding are waived for qualified distributions from retirement plan accounts. Provided the above eligibility criteria are met, the CARES Act waives the 10% early withdrawal penalty and eliminates the mandatory 20% withholding for coronavirus-related distributions of up to \$100,000 across qualified retirement plans and IRAs.

Note: Fidelity will withhold 10% for federal income tax unless the participant elects a different percentage.

Distributions will be subject to taxation, and you will have the option to pay taxes due over a three-year period. You are advised to consult with your personal tax advisor.

The CARES Act also allows you to reinvest withdrawn funds within three years of the withdrawal regardless of that year's contribution limit.

Q: What are the CARES Act plan loan changes?

A: The maximum retirement plan loan limit has been increased to \$100,000 (or 100% for vested account balances that are less than \$100,000) for loans made within 180 days of enactment of the CARES Act on March 27. The university allows participants a maximum of four outstanding plan loans. Fidelity or TIAA will assist participants in understanding available loan amounts. If you choose to take a loan, you will be asked to self-certify that you meet the requirements for a coronavirus-related loan.

Q: Can I defer payment on my current retirement plan loan?

A: If you have existing retirement plan loan payments, you are able to defer payments until January 1, 2021. You should discuss the details of re-amortizing your plan loan with Fidelity or TIAA.

Q: How do I contact Fidelity or TIAA?

A: If you meet the eligibility criteria detailed above, would like to speak to a financial consultant, or would like to request loans or distributions, you can do so by logging in to your online account:

- Fidelity Investments: NetBenefits or call (800) 343-8060
- TIAA: TIAA.org or call (855) 400-4294