



## The CARES Act: Provisions for Retirement Savers

The CARES Act was signed into law March 27, 2020 to provide comprehensive economic relief for people and businesses suffering from the hardships resulting from the coronavirus (COVID-19) pandemic.

Under the law, distribution, loan, and required minimum distribution rules were changed for 2020 to help retirement plan participants who are affected by the crisis. To qualify for the expanded retirement plan provisions, a participant must either:

- be diagnosed with COVID-19;
- have a spouse or dependent who was diagnosed with COVID-19;
- experience adverse financial consequences as a result of being quarantined, furloughed, laid off, or having work hours reduced because of the pandemic;
- have been unable to work due to lack of childcare resulting from the virus;
- have closed or reduced hours of a business owned or operated by the individual due to the virus; or
- meet other factors as determined by the U.S. Secretary of the Treasury.

### **SPECIAL CORONAVIRUS-RELATED DISTRIBUTION**

Affected participants may take a coronavirus-related distribution from their 403(b) accounts for up to \$100,000 during calendar year 2020 without the 10% early withdrawal penalty if they're under age 59.5.

Considerations:

- Participants who request a coronavirus-related distribution will be asked to self-certify that they meet at least one of the qualifications criteria stated above.
- The distributions are subject to normal income tax rules and will be included in a participant's gross income. Taxes on these distributions can be paid over three years.
- Distributions can be repaid with a rollover contribution within three years of the distribution. Participants who repay coronavirus-related distributions can file an amended tax return to recover taxes paid on income reported in earlier years.

### **LOAN AMOUNT INCREASES**

Between March 27, 2020 and September 23, 2020, participants who are affected by the coronavirus pandemic may take out a 403(b) loan for a maximum of \$100,000 (up from \$50,000) or 100% of their account balance (up from 50%).

If you already have an outstanding loan with RPB, you must pay off the existing loan before you can take out a new loan.



### **WAIVER OF LOAN REPAYMENT**

Participants who meet one of the qualification criteria listed above and either already have an outstanding loan, or take a new coronavirus-related loan, may delay loan repayments otherwise due between March 27 and December 31, 2020.

The specific rules for this provision have not yet been made available. We will notify participants when the procedures are clarified.

Considerations:

- While the payments may be deferred, interest continues to accrue on the deferred payments and will increase the total amount to be repaid.

### **WAIVER OF 2020 REQUIRED MINIMUM DISTRIBUTIONS**

The CARES Act waives 2020 required minimum distributions for 403(b) accounts. This waiver also includes RMD payments for the 2019 plan year that were deferred to April 1, 2020. Call Fidelity at 800-343-0860 to request a waiver.

RMDs for Rabbi Trust account(s) are not covered by this waiver.

### **QUESTIONS?**

Call Fidelity at 800-343-0860 to make a request under the CARES Act.

If you have any additional questions, please don't hesitate to contact our Participant and Employer Services team at 212-681-1818 or email us at [askus@rpb.org](mailto:askus@rpb.org).