



2020 Cares Act

Retirement Planning Provisions

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2020 CARES Act

Retirement planning-related provisions

Waiver of penalty on early hardship withdrawals

Increased loan limits

Waiver of RMDs



Waiver of penalty on early hardship withdrawals

10% penalty waived on early (pre-59½) withdrawals from an employer retirement plan or IRA

Waived on withdrawals up to \$100,000





Who qualifies?

An individual qualifies for the exemption in the following circumstances

They are diagnosed with COVID-19

Their spouse or dependent is diagnosed with COVID-19

They are experiencing adverse financial consequences as a result of being:

Quarantined, furloughed, laid off, having work hours reduced, or being unable to work due to lack of childcare, all due to COVID-19

Closing or reducing hours of a business owned or operated by the individual due to COVID-19

Other factors as determined by the Treasury Secretary

Individuals may self-certify that they qualify.

Additional flexibility granted

Hardship withdrawals are still subject to income tax

Tax can be paid over 3-year period

Withdrawals may be paid back over 3-year period



Plan loans

CARES Act doubles the current loan limits for workplace retirement plans

Increased to the lesser of \$100,000 or 100% of a qualified individual's vested account balance

Available for loans made during 180-day period following date of enactment (March 27)

Extends due date of any loan payment otherwise due in 2020 (on or after enactment date) for one year

Qualification is the same as with hardship withdrawals



Making plan amendments

Plan sponsors not required to adopt new CARES Act rules on loans and distributions

May choose to adopt even if plan does not currently allow for loans and distributions

Plan amendment deadline: on or after the last day of the first plan year beginning on or after Jan. 1, 2022 (2024 for governmental plans)



Relief for single-employer DB Plan funding

Act delays due date for any contribution otherwise due during 2020 until Jan. 1, 2021

At that time, contributions due earlier would be due with interest

Plan's status for benefit restrictions as of Dec. 31, 2019 will apply throughout 2020



Potential extensions to 2020 retirement plan filing deadlines

Not yet addressed by DOL or Treasury Department (as of March 31)

Could potentially extend certain plan deadlines, such as filing Form 5500 or correcting a failed ADP or ACP test





Are there any questions?



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Thank You



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