



# KEY RETIREMENT PROVISIONS

## Coronavirus Aid, Relief, and Economic Security (CARES) Act

PROVISION	Tax favored withdrawals up to \$100,000 from qualified retirement plans Sec. 2202(a)	Increased limit on loans from qualified retirement plans Sec. 2202(b)	Temporary waiver of required minimum distributions (RMD) for 2020 Sec. 2203
<b>IMPORTANT DETAILS</b>	<ul style="list-style-type: none"> <li>› 10% early withdrawal penalty is waived</li> <li>› Ordinary income tax may be applied pro-rata over a three-year period, beginning in tax year 2020</li> <li>› Participants may pay back distributions within the three-year period</li> <li>› Participants must qualify</li> <li>› Plan sponsor may rely on an employee’s certification that they satisfy the conditions of qualification</li> </ul>	<ul style="list-style-type: none"> <li>› Loan limit increase to \$100,000 or 100% of the participant’s account, whichever is less</li> <li>› Participants must qualify</li> <li>› Plan sponsor may rely on an employee’s certification that they satisfy the conditions of qualification</li> <li>› Existing loan payments due through December 31, 2020 can be delayed for up to one year and will be re-amortized</li> </ul>	<ul style="list-style-type: none"> <li>› RMDs from defined contribution plans and IRAs will be waived for calendar year 2020.</li> <li>› Applies to 2019 RMDs required to be paid by April 1, 2020, and to 2020 RMDs required to be paid by April 1, 2021</li> <li>› Applies to inherited IRAs</li> </ul>
<b>QUALIFYING CONDITIONS</b>	<ul style="list-style-type: none"> <li>› Must be diagnosed with SARS-CoV-2 or with Coronavirus disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and Prevention</li> <li>› Also covers spouse or dependent who is diagnosed with such virus</li> <li>› Must experience adverse financial consequences as a result of being quarantined, furloughed, laid off and/or having work hours reduced, being unable to work due to lack of childcare, closing or reducing hours of a business owned or operated by the individual</li> <li>› Other factors as determined by the Treasury Secretary</li> </ul>	<ul style="list-style-type: none"> <li>› Same qualifications for the tax favored withdrawal provision</li> </ul>	<ul style="list-style-type: none"> <li>› Those who are due to take an RMD in 2020 or whose RMD beginning date occurs within the calendar year 2020</li> <li>› Those who attained age 70½ in 2019 but had not yet received their 2019 RMD</li> </ul>
<b>PLAN TYPES</b>	401(k), 457, 403(b), IRA	401(k), 457, 401(a), 403(b)	401(k), 457, 401(a), 403(b), IRA
<b>REQUIREMENT</b>	This is an optional provision and does not require the plan to already have a hardship provision	This is an optional provision and does not require the plan to already have a loan provision	Mandatory provision
<b>EFFECTIVE DATE</b>	Distributions made on or after January 1, 2020 and before December 31, 2020	Loans made during the 180-day period beginning on the date of enactment of the Act	Effective January 1, 2020 through December 31, 2020
<b>HYAS GROUP RECOMMENDATION</b>	Adopt	Adopt	Adopt

**Plan amendments:** Plans may operate in accordance with the changes above but must be amended by the last day of the plan year beginning on or after January 1, 2022 (i.e., for calendar-year plans, by December 31, 2022). Governmental plans need to be amended by the last day of the plan year beginning on or after January 1, 2024, or a later date if prescribed by the Treasury Secretary.