



Coronavirus Aid, Relief and Economic Security (CARES) Act

The Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law on March 27, 2020, helping ease some of the financial pressures facing Americans in the wake of COVID-19. If you have been impacted by COVID-19 and meet the eligibility requirements, the Act allows more access to retirement savings. On May 1, 2020, the Deferred Compensation Advisory Committee held a special meeting to approve the optional provisions be added the City's 457 Plans as outlined below.

Eligibility Requirements:

You satisfy the Eligibility Requirements if you are an individual who experiences one (1) of the following:

- You are diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and Prevention;
- Your spouse or dependent is diagnosed with such virus or disease by such a test; or
- You experience adverse financial consequences as a result of:
 - being quarantined, furloughed or laid off or having work hours reduced due to such virus or disease,
 - being unable to work due to lack of child care due to such virus or disease,
 - closing or reducing hours of a business owned or operated by the individual due to such virus or disease; or
 - meeting such other factors as may be issued in Treasury guidance.

Expanded Relief Options:

Coronavirus-related distributions (CRD):

- You can request a CRD of up to an aggregate amount of \$100,000 through December 31, 2020.
- The CRD is not subject to the 10% early withdrawal penalty tax (applicable to pre-tax contributions only in the San Jose 457 Plan) or mandatory federal 20% withholding that otherwise apply to early distributions.
- You may elect to have the CRD included in your gross income ratably over three years or the total distribution included as income for 2020. Voya will report your distribution for the 2020 tax year. You should work with your Tax Advisor in regard to your taxes.

Please note: The \$100,000 CRD maximum applies on an *individual basis* for all your retirement plans and IRAs. If you take a CRD from another Plan or IRA, you are responsible for tracking your limits to ensure that you do not exceed the maximum \$100,000 limit.

Coronavirus-related increase in loan maximum

- You may take a new coronavirus-related loan from your retirement plan up to the lesser of \$100,000 or 100% of your vested account balance.

- Your existing plan limits participants to one General Loan and one Residential loan. The Plan will be amended to add a second General Loan for a coronavirus-related loan under these provisions, limited to the time frame below.
- You may take this loan beginning March 27, 2020 through September 23, 2020.

Coronavirus-related delayed loan repayments

- You may delay the repayment that is due on your new or existing loan for a period of one year for those loan repayments that are due from March 27, 2020 through December 31, 2020.
- When repayments recommence, the loan repayment amount will be adjusted to reflect the loan repayment delay and include accrued interest during the delay period.

Required minimum distributions (RMDs)

- There are no required RMD's for 2020.
- You will receive an additional communication if RMDs are applicable to you.

Please note: The Plans have been automatically updated to reflect the RMD provision and Eligibility Requirements as described above do not apply. Refer to the [Voya letter](#) regarding RMDs for further info.

*We appreciate this is a challenging situation and there may be times when it will be necessary as a last resort to turn to a loan or hardship withdrawal. However, it is important to weigh the immediate benefit of taking a loan or plan distribution with the long-term consequences of depleting your retirement savings. Withdrawing money early may result in a permanent reduction of your retirement savings. So, before you act, make sure you understand the differences between loans, hardship withdrawals, rollovers, and lump sum cash outs, including the long-term consequences of each. **Please contact your local [Voya representative](#)* to discuss these options and the implications before you request one of the expanded relief options.***

Participants who satisfy the eligibility requirement and are interested in applying for the Corona-related Distribution and/or Loan option should call Voya Customer Service:

800-584-6001, Monday-Friday 5:00 a.m. - 6:00 p.m. (Pacific Time)

OR

Log-into their account at www.sanjose.beready2retire.com

In order to receive the coronavirus-related relief, you will be required to certify that you satisfy one of the Eligibility Requirements listed above at the time of the request.

*Please note that the Plan and Voya cannot provide you with tax advice. Prior to taking an action, you should speak with your tax advisor.