



CARES Act Retirement Plan Provisions

EFFECTIVE 03/27/2020

At TCG, we understand many Americans are facing a great deal of uncertainty due to the recent circumstances related to COVID-19. Below are answers to frequently asked questions about the impact of the Federal Coronavirus Legislation on Retirement Plans and IRAs.

What is the CARES Act?

Signed into law on March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act provides measures to address economic hardship as a result of COVID-19. This legislation introduces relief related to retirement plans through distribution, loan and RMD waiver provisions.

What impact does the CARES Act have on plan in-service distributions?

Eligible individuals can withdraw up to \$100,000 from their retirement accounts, in total, without the 10% additional tax penalty and 20% tax withholding. Individuals will have the option to include the distribution in income and pay taxes over a 3-year period. They can also pay back the distribution to an eligible retirement plan or IRA within 3 years.

What impact does the CARES Act have on in-service plan loans?

Plan loan limits are increased to the lesser of \$100,000 or 100% of the participant's vested account balance in the plan. Also, eligible individuals with a loan payment due date after March 27, 2020, can defer payments for up to one year.

How will Required Minimum Distributions be treated for 2020?

The CARES Act includes a temporary waiver for RMDs for 2020. The waiver applies to 401(a), 401(k), 403(b), governmental 457(b) plans, and IRAs required to be made in calendar year 2020, including 2019 distributions being made by an individual's required beginning date of April 1, 2020, so long as the distribution was not already made before January 1, 2020.

What certifications are required for CARES Act provisions?

Participants can self-certify that they are impacted by Coronavirus COVID-19.

Note: Not all vendors of plans with multiple vendors (such as most 403(b) and a small number of governmental 457(b) plans) may allow all of the above transactions. Participants will need to verify with their vendor in advance. We will publish information on which vendors can offer which provisions as this becomes available.



Additional Resources

- » Schedule a virtual appointment with Financial Consultant at www.tcgservices.com/telewealth
- » Read more on the CARES Act and other COVID-19 resources at www.tcgservices.com/covid19