

The Coronavirus Aid, Relief and Economic Security Act (CARE Act)

In light of the COVID-19 pandemic, significant legislation impacting **403(b)/457(b) plans** have been passed to help relieve financial stress during these unprecedented times.

The Coronavirus, Aid, Relief and Economic Security Act, also known as the **CARES Act**, which provides relief by facilitating Coronavirus related distributions and loans, as well as a waiver of the Required Minimum Distributions for 2020.

An individual can receive a Coronavirus related distribution for up to \$100,000 if he has been diagnosed with COVID-19, has a spouse or dependent diagnosed with COVID-19, or is experiencing financial difficulty as a result of COVID-19. The Coronavirus related distribution is exempt from the 10% penalty typically associated with early withdrawals, and the individual is permitted to pay tax on the income from the distribution over a three-year period. Further, individuals are granted the option to repay all or a portion of the distribution into the plan over the next three years.

The CARES Act also provides for a Coronavirus related loan, which doubles the standard maximum loan amounts, which allow for the lesser of \$100,000 or 100% of the participant's account balance. The maximum loan increase, however, only applies to individuals that would qualify for the Coronavirus related distribution, and remains available only until September 23, 2020. Individuals with an outstanding COVID loan from their plan with a repayment due from March 27, 2020 through Dec. 31, 2020 can delay their loan repayment(s) for up to one year.

For more information, contact your financial advisor.