



Coronavirus Pandemic Weekly Update 4.16.20

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CARES Act Impact on 401 (k) & IRAs

- Coronavirus Related Hardship Distribution
- 401 (k) loan limits increased
- Required Minimum Distributions delayed for 2020
- IRA 2019 contribution deadline extended



Coronavirus Related Hardship Distribution

Applies to any qualified retirement plan under section 402(c)(8)(B) of the IRS code.

Eligibility: An individual...

1. Who is diagnosed with Covid-19
2. Whose spouse or dependent is diagnosed with Covid-19
3. Who experiences financial consequences as a result of quarantine, furlough or laid off, reduced work hours, unable to work due to lack of child care.



Coronavirus Related Hardship Distribution...

Key provisions:

1. Waiver of 10% penalty for eligible distributions up to \$100K for 2020
2. Income recognition over 3 years
3. Recontribution allowed over 3 years and can avoid taxes on the distribution
4. Sponsors must amend their plans to make available



401 (k) Loan Limits Increased

Eligibility: An individual...

1. Who is diagnosed with Covid-19
2. Whose spouse or dependent is diagnosed with Covid-19
3. Who experiences financial consequences as a result of quarantine, furlough or laid off, reduced work hours, unable to work due to lack of child care.



401 (k) Loan Limits Increased

Key provisions:

1. Only for plans that have loan provisions
2. Sponsors must amend their plans
3. Participant can borrow less of \$100K or 100% of their vested balance



- Required Minimum Distributions delayed for 2020

Key provisions:

1. Applies to individuals who are required to take RMDs from their retirement accounts
2. Decision not to take an RMD does not have to be coronavirus related
3. Can retribute an RMD already taken within 60 days of distribution



- IRA 2019 contribution deadline extended

July 15,2020