CARES Act
April 3, 2020

On March 27, 2020, the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. The CARES Act is a $2 trillion economic stimulus package that includes retirement plan provisions designed to bring relief to COVID-19 affected participants.

The new law’s provisions affecting your BENCOR plan ease distribution and loan rules to free up funds for individuals impacted by the pandemic and provide relief for 2020 from the required minimum distribution (RMD) rules. Following is a summary of those provisions.

COVID-19 Distributions*: The CARES Act waives the 10% early withdrawal penalty tax on withdrawals of up to $100,000 from a retirement plan and/or IRA for an individual:

- who is diagnosed with COVID-19;
- whose spouse or dependent is diagnosed with COVID-19;
- who experiences adverse financial consequences as a result of being quarantined, furloughed, laid off, having work hours reduced, being unable to work due to lack of child care due to COVID-19, or closing or reducing hours of a business owned or operated by the individual due to COVID-19; or
- who is adversely affected by other factors as determined by the Treasury Secretary.

Note that the $100,000 limit is an aggregate one that applies to the total of withdrawals taken by an individual from all plans of the employer or any related employer and the individual’s IRA.

A participant is permitted to self-certify that he/she satisfies one of these conditions. The legislation also permits an individual to pay tax on the income from the withdrawals over a three-year period, or alternatively to repay that amount tax-free back into the plan over the next three years. Such repayments would not be subject to the retirement plan annual contribution limits.

Participants will be able to elect COVID-19 Distributions online no later than April 10, 2020.

*COVID-19 distributions are technically considered hardship distributions. Even though your BENCOR Plan generally does not include hardship distribution provisions, your BENCOR Plan will allow COVID-19 distributions.

Plan Loans: If your BENCOR Plan permits loans, the Act doubles the current retirement plan loan limit to the lesser of $100,000 or 100% of your vested account balance in the plan. (Prior to the change, the loan limit was the lesser of $50,000 or 50% of your vested account balance.). This expanded loan limit applies to loans initiated between March 27, 2020 and September 23, 2020. In addition, if you have a currently outstanding plan loan with a loan payment due between March 27 and December 31, 2020, you may delay the loan repayment(s) for up to one year.

Contact the participant service center at 1-866-296-9712 for new loans and delayed payment instructions if you are impacted by COVID-19.
**Temporary Waiver of Required Minimum Distribution (RMD) Rules:** CARES waives the rules for RMDs that are due for or during calendar year 2020 with respect to all participants and beneficiaries who otherwise are subject to those rules. These individuals may choose to keep funds in their retirement plan accounts and resume or begin RMDs in 2021. Under current law, individuals (generally at age 72 or retirement, if later) must take RMDs, and beneficiaries of a deceased participant also generally are subject to RMD requirements. If you wish to cease RMDs that currently are being made in periodic installments or ones scheduled for later this year in a lump sum, please contact the Participant Service Center at 1-866-296-9712.