



# RETIREMENT PLAN RELIEF

The CARES Act offers employers the ability to provide a new type of distribution for individuals to access their retirement plan funds. It also allows retirement plans with loan provisions the ability to offer loans of a larger amount. If you are currently paying back a plan loan, you may be able to suspend those payments for up to one year.

While the rule changes are now two weeks old, employers and service providers are still determining how they will be put into practice. In the meantime, here are answers to the most common questions about the new rules:

## 1. DO THESE NEW RULES APPLY TO EVERYONE?

You must be a “qualified individual” to take advantage of the new distribution type and/or the new loan rules. A “qualified individual” has:

- a. tested positive for COVID-19, or has
- b. a spouse or dependent who has tested positive, or has
- c. experienced adverse financial consequences due to quarantine, furlough, reduced hours, layoff, loss of daycare, etc.

## 2. DOES MY 401(K) HAVE TO OFFER ALL THE NEW OPTIONS?

No. The Act *allows, but does not require* employers to adopt the new rules.

## 3. HOW WILL I KNOW WHAT MY 401(K) OFFERS?

Employers are still determining which new rules they will allow and service providers are still collecting those choices from them. Because each employer may decide differently and at different times, communication about your 401(k) plan’s options will likely be unique in content and timing.

## 4. I COULD USE SOME HELP NOW. WHAT CAN I DO?

If you need relief right away, we encourage you to take the following actions:

- a. Your plan may already have provisions in place that can provide immediate relief. Please contact us at 844.868.1000 or [401khelp@cnbankpa.com](mailto:401khelp@cnbankpa.com).
- b. Understand what makes you a “qualified individual.” You will need to certify that you are able to take advantage of new rules.
- c. Talk to your employer. Let them know you need relief and find out if your plan balance could be a source of that relief.

## 5. WHAT ELSE SHOULD I KNOW ABOUT THE NEW RULES?

On top of offering new access to retirement plan balances, the provisions of the CARES Act allow for special taxation and potential “payback” of the new type of distribution. Contact C&N Wealth Management to understand more about the special tax rules in place for the new coronavirus-related distributions.

It can be challenging to fully understand and decipher these changes when they are enacted. The C&N team is committed to keeping you informed and prepared as more details of the retirement plan-related CARES Act provisions are reviewed and better understood.

