COVID-19 Update

During these uncertain times, we wanted to take the opportunity and reach out to our clients, giving them an update on the current COVID-19 related legislation as it applies to retirement plans.

At this point, nothing has passed both houses of Congress, so everything listed below is _proposed only_. The following includes some of the items that have been proposed, but is not exhaustive and should not be construed as legal advice.

SPECIAL RULES FOR USE OF RETIREMENT FUNDS:
Provides for early distribution and loan relief for retirement plans during the coronavirus relief period by:

- Liberalizing hardship distribution rules;
- Waiving the 10% penalty on early withdrawals;
- Allowing individuals three years to repay distributions;
- Allowing individuals to include distributions in income ratably over three years;
- Increasing loan limitations to lesser of $100,000 or 100% of participants vested account balance (this doubles current loan limits); and
- Delaying loan repayment beginning dates by one year.

TEMPORARY WAIVER OF REQUIRED MINIMUM DISTRIBUTION RULES:
This waives RMDs for 2020, allowing individuals to keep funds in their retirement plans. Under current law, individuals generally at age 72 must take an RMD from their DC plans and IRAs.

In addition, the American Retirement Association (ARA) has pressed Congress to allow plan sponsors to temporarily cease safe harbor contributions to their plan for 2020, as well as allowing plan sponsors with less than 500 participants be allowed to waive any employer contributions that have not yet been made to satisfy their 2019 obligations.

Please note, _all of this is proposed only_ and it remains to be seen what, if any, the final legislation will be. Please feel free to share this with anyone on your staff who may benefit from this information.
In the meantime, please don't hesitate to reach out with any specific questions you may have. We are here to assist in any way we can and will navigate these unsettled waters together with you!