

Neenah Joint School District 403(b) Plan

Important Update to the CARES Act

July 13, 2020

The Coronavirus Aid, Relief and Economic Security (CARES) Act that was signed into law on March 27, 2020, allows retirement plans to adopt special distribution features. As previously communicated to you, your retirement plan provides these features.

This notice is to provide you with an update that on June 29, 2020, **the IRS released subsequent guidance about who is considered impacted by COVID-19.** You are now impacted if:

- You, your spouse or your dependent was diagnosed with COVID-19 by a test approved by the Centers for Disease Control and Prevention (CDC), or
- You, your spouse or a member of your household has experienced adverse financial consequences related to COVID-19 as a result of:
 - being quarantined;
 - being furloughed, laid off, or having reduced work hours/pay;
 - having a reduction in self-employment income;
 - having had a job offer rescinded or the start date of a new job delayed;
 - being unable to work due to lack of childcare;
 - closing or reducing hours of a business owned or operated by you, your spouse or a member of your household

If you are impacted by COVID-19 (based on the new definition listed above), you have the options listed below. Please note that It is recommended you consult with your tax advisor before taking a Coronavirus-related Distribution, or Loan / Loan Deferral.

- **Coronavirus-related Distribution (CRD).** The CARES Act allows individuals impacted by COVID-19 to withdraw up to \$100,000 from IRAs, employer sponsored retirement plans, or a combination of the two, with certain tax exceptions. Distribution must be made in 2020 and can apply to distributions taken as early as January 1, 2020.

Tax benefits of CRDs:

- If you are under the age of 59½, you may access retirement funds without the normal 10% pre-retirement distribution penalty.
- CRDs are exempt from the mandatory Federal withholding of 20%.
- Beginning on the day after you receive a CRD, you have up to three years to recontribute any portion of that distribution into a retirement account. The recontributed amounts can be made in a single rollover or multiple rollovers during the three-year period.
- The income from CRDs may be split evenly over the 2020, 2021, and 2022 tax years.

To request a CRD, call Associated Bank's 24/7/365 Customer Care Team at 800-431-4649.

- **Loan Enhancements.** The CARES Act temporarily increased the maximum retirement plan loan amount from \$50,000 to \$100,000 for individuals impacted by the coronavirus. You may take out up to \$100,000 or 100% of your vested account balance, whichever is less. Through the end of 2020, repayment of loans may be delayed for up to one year from the date of loan approval.

If you would like to take out a loan under these enhanced rules, please sign-in at 401k.AssociatedBank.com for a loan application form or contact your plan sponsor.

- **Deferring Loan Payments.** The CARES Act allows individuals impacted by the coronavirus to defer loan payments on current loans through December 31, 2020. Once the deferment period ends, the loan can be extended for one year and will be modified to account for the missed payments and accrued interest.

If you would like to request a deferral, please contact your plan sponsor.

Please contact Associated Bank's 24/7/365 Customer Care Team at 800-431-4649 if you have questions.