Understanding the CARES Act and Related Coronavirus Relief

Retirement Plan Loans

Here, we describe how the CARES Act provides expanded retirement plan loan relief for qualified individuals.

Who is qualified

A qualified individual is generally defined as someone:

diagnosed with COVID-19 or SARS-CoV-2 (or whose spouse or dependent is diagnosed) in an approved test

OR

experiencing certain related adverse financial consequences

Eligible plan types

403(a) annuity

401(a) qualified plans (e.g., profit sharing/401(k) plans)

457(b) plans maintained by governments

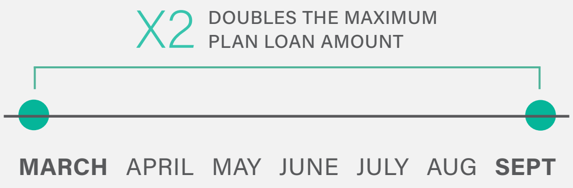
403(b)

Maximum loan amount

Beginning on **March 27** and ending on **September 22, 2020**, the CARES Act

temporarily doubles

the **maximum plan loan amount** available to qualified individuals.



The new maximum loan amount is the lesser of

$100,000

OR

100%

of the participant's **vested benefit (e.g., account balance)**

Note that any outstanding plan loan amounts will still need to be factored into the maximum loan calculation.

Loan repayments

Qualified individuals who have a loan repayment due on or after

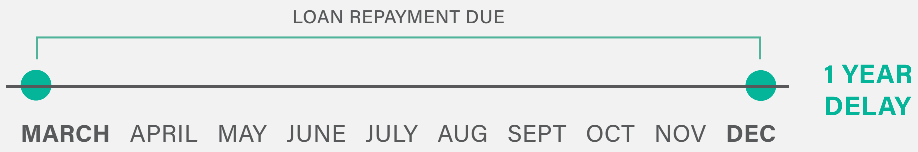
March 27, 2020

AND

on or before

December 31, 2020

can delay their loan repayments for up to one year.



The level amortization requirement and the five-year repayment deadline are also extended by up to one year, but interest will continue to accrue during the delay period.

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This analysis is based on currently available guidance and is subject to change as additional information becomes available.