



# Helping you and your participants negotiate the COVID-19 economy

**Nationwide's mission is to protect people, businesses, and futures with extraordinary care.**

As your trusted partner, Nationwide is committed to helping you and your participants navigate this challenging time.

We wanted to provide you with the following update regarding the recently-passed Coronavirus Aid, Relief and Economic Security Act (CARES Act) - a \$2 trillion stimulus bill aimed at helping the individuals, states and businesses facing financial hardship caused by the COVID-19 pandemic.

**Provisions of the Act which affect Retirement Plans** for qualified individuals are as follows:

1

*Tax-favored coronavirus-related distributions (CRDs) up to \$100,000 until December 31, 2020*

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*Expanded access to loans for 180 days after enactment of the law through September 23, 2020*

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*Waiver of 2020 Required Minimum Distributions (RMDs)*

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## Provision #1

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### *Tax-favored coronavirus-related distributions (CRDs) up to \$100,000 until December 31, 2020*

<b>Details</b>	<ul style="list-style-type: none"><li>• 10% early withdrawal tax is waived</li><li>• Ordinary income tax may be paid in equal installments over a three-year period, beginning in tax year 2020</li><li>• Participants may repay CRDs within a specified three-year period, and these repayments will not be subject to the annual contribution limits</li><li>• Participants must self-certify they meet the qualifications (listed below)</li></ul>
<b>Qualifications</b>	<p><b>To qualify for the CRD and special loan provisions, you must self-certify that you are someone:</b></p> <ul style="list-style-type: none"><li>• Who is diagnosed with the SARS-CoV-2 virus or with coronavirus disease 2019 (COVID-19);</li><li>• Whose spouse or dependent is diagnosed with COVID-19;</li><li>• 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, closure or reduction in hours of a business owned or operated by the individual due to COVID-19; or</li><li>• Other factors as determined by the Treasury Secretary</li></ul>
<b>Plan Types</b>	401(k), 401(a), 403(b), governmental 457(b), IRA
<b>Plan Adoption Requirements</b>	<p>This is a new, optional provision that requires a plan document amendment. The plan does not have to be amended for the CARES Act provisions until the last day of the first plan year beginning after January 1, 2022.</p> <p><b>It is not necessary for the plan to have an existing hardship or unforeseeable emergency provision to take advantage of CRDs.</b></p>
<b>Effective Date</b>	Distributions made on or after January 1, 2020 and before December 31, 2020
<b>Opt-in / out Requirements</b>	<p>We know that not all plans have the same needs. To provide plan-by-plan flexibility, Nationwide is taking an opt-in approach to the provisions above. Please contact your administrator to adopt these plan provisions. If you contact us, we are happy to help facilitate a connection to your administrator.</p>

## *Provision #2*

### *Expanded access to loans for 180 days after enactment of the law through September 23, 2020*

<b>Details</b>	<ul style="list-style-type: none"> <li>• Loan limits for new loans are increased to the lesser of \$100,000 or 100% of the participant's vested account balance, as adjusted for the outstanding loan balance calculation.</li> <li>• For new or existing loans, participants may choose to delay loan repayments due in 2020 for up to one year.</li> </ul>
<b>Qualifications</b>	<p><b>To qualify for the CRD and special loan provisions, you must self-certify that you are someone:</b></p> <ul style="list-style-type: none"> <li>• Who is diagnosed with the SARS-CoV-2 virus or with coronavirus disease 2019 (COVID-19);</li> <li>• Whose spouse or dependent is diagnosed with COVID-19;</li> <li>• 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, closure or reduction in hours of a business owned or operated by the individual due to COVID-19; or</li> <li>• Other factors as determined by the Treasury Secretary</li> </ul>
<b>Plan Types</b>	401(k), 401(a), 403(b), governmental 457(b)
<b>Plan Adoption Requirements</b>	<p>This is a new, optional provision that requires a plan document amendment. The plan does not have to be amended for the CARES Act provisions until the last day of the first plan year beginning after January 1, 2022.</p> <p><b>It is not necessary for the plan to have an existing loan program, but one would have to be established first.</b></p>
<b>Effective Date</b>	Loans made during the 180-day period after the enactment of the Act (March 27, 2020 to September 23, 2020)
<b>Opt-in / out Requirements</b>	<p>We know that not all plans have the same needs. To provide plan-by-plan flexibility, Nationwide is taking an opt-in approach to the provisions above. Please contact your administrator to adopt these plan provisions. If you contact us, we are happy to help facilitate a connection to your administrator.</p>

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## *Provision #3*

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### *Waiver of 2020 Required Minimum Distributions (RMDs)*

<b>Details</b>	Waives RMD payments due in calendar year 2020.
<b>Qualifications</b>	<ul style="list-style-type: none"><li>• Those participants who are due to receive an RMD in calendar year 2020</li><li>• Those participants whose first RMD was due by April 1, 2020, but they had not yet received their RMD before January 1, 2020</li></ul>
<b>Plan Types</b>	401(k), 401(a), 403(b), governmental 457(b), IRA
<b>Plan Adoption Requirements</b>	This is an optional provision that requires a plan document amendment. The plan does not have to be amended for the CARES Act provisions until the last day of the first plan year beginning after January 1, 2022.
<b>Effective Date</b>	Effective January 1, 2020 through December 31, 2020
<b>Opt-in / out Requirements</b>	We know that not all plans have the same needs. To provide plan-by-plan flexibility, Nationwide is taking an opt-in approach to the provisions above. Please contact your administrator to adopt these plan provisions. If you contact us, we are happy to help facilitate a connection to your administrator.

#### **Please note:**

Retirement Plans has elevated and accelerated our processes and our highly experienced Solutions Center team members will continue to ensure extraordinary care and are ready to assist our participants with their COVID-19 related distribution request.

## **Additional FAQs related to Nationwide's implementation of the CARES Act**

### **1. When will CARES Act relief be available?**

It is important to understand that the plan sponsor must elect to adopt the special CARES Act relief provisions because they are optional. As soon as we receive written direction from your administrator, we will be ready to process CARES Act loans and CRDs. We will make every effort to accommodate any participant that calls in sooner.

### **2. How do you identify “qualified individuals” for purposes of the CARES Act?**

Participants will need to self-certify that they are eligible based on the criteria in the Act by completing a self-certification form

### **3. How are you communicating the availability of CARES Act relief to participants?**

Information will be available on the participant website

### **4. Are there any deadlines to opt-in or opt-out to CARES Act relief provisions?**

At this point, a deadline has not been identified as this is a fluid situation.

### **5. Please provide the steps the participant should take to request this relief.**

The participant should contact their service center and, based on plan sponsor adoption of the CARES Act relief, he or she will be provided with direction on how to proceed.

### **6. Once a participant adds a direct deposit (ACH) address to your system, how many business days does the participant have to wait in order to use that ACH address?**

We use technology to validate banking information. No additional timeframe is required provided all information matches between the bank account and recordkeeping system. If a mismatch is identified, we reach out immediately to begin resolution.

### **7. Can participants elect to receive a Form 1099-R for the full CRD amount, instead of using the 3-year income inclusion option?**

Form 1099-R is issued for the full amount of the CRD. The 3-year income inclusion option is available to the taxpayer and is an option made outside of the plan.



Information presented in this communication was current and accurate as of the date of publication. This information is of a general and informational nature and is NOT INTENDED TO CONSTITUTE LEGAL OR INVESTMENT ADVICE. Plan Sponsors are urged to consult their own counsel regarding this information.

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