CARES Act “Opt-Out” Form

In the wake of the novel coronavirus, COVID-19 pandemic and related impacts on business operations, the Coronavirus Aid, Relief and Economic Security (CARES) Act, was signed into law on March 27, 2020, and contains provisions that affect retirement plans and participants. Plans may allow COVID-19 distributions and loan relief to participants. Distributions are based on a participant’s vested account balance without regard to normal withdrawal restrictions.

- The CARES Act specifically indicates that these distributions are deemed to comply with the distributable event requirements applicable to 401(k), 403(b) and 457(b) plans. The CARES Act creates a new penalty-free distribution available to a “qualified individual” who meets any one of the following:

  - Is diagnosed with novel coronavirus, COVID-19.
  - Has a spouse or dependent diagnosed with novel coronavirus, COVID-19.
  - Experiences adverse financial impact due to quarantine, furlough, layoff, reduced work hours or inability to work due to issues with childcare related to novel coronavirus, COVID-19.
  - Is faced with other novel coronavirus, COVID-19-related factors as determined by the Secretary of the Treasury.

  The COVID-19 distribution may not exceed $100,000. If a “qualified individual” takes a COVID-19 distribution, that participant would be able to pay income tax on the distribution over a three-year time span. Participants may repay these distributions within three years, and for any portion repaid, the tax consequences of the initial distribution will be abated. These repayments will not be subject to plan contribution limits.

- The CARES Act changes various provisions concerning plan loans to participants who meet the definition of a “qualified individual” to which the COVID-19 distribution rules apply. In order to provide greater access to their account balance without taking a taxable distribution, the CARES Act:

  - Increases the limit available for loans issued between March 27, 2020 and September 23, 2020, to the lesser of 100% of the participant’s vested account balance or $100,000 (from a prior limit of 50% or $50,000).
  - Allows for the deferral of repayments for a period of one year (provided interest still accrues and is added to the balance once repayments resume).
  - Extends the five-year period for repayment of loans by the period-of-time the repayments are suspended.

Please note that plan amendments authorizing these provisions are not required until the last day of the plan year beginning on or after January 1, 2022 or such later date as the Secretary of the Treasury shall prescribe (with an additional time permitted for amendments to governmental plans).

If your plan currently permits loans and hardships, OneAmerica will be prepared to allow COVID-19 distributions and increased loan amounts on April 7, 2020. If your plan does not currently allow for loans and hardships and you would like to add these provisions to the plan, please contact your TPA to request a plan amendment. **Please discuss these provisions with your Third-Party Administrator (TPA) and if you do not wish to implement the CARES Act provisions, please complete the attached form and provide it to your TPA, and they must contact their OneAmerica Representative by**
April 6, 2020.

☐ We are electing NOT to implement the CARES ACT provisions for loans and hardships outlined above.

Plan Name ______________________________ Plan/Contract Number ____________________

Employer Signature_______________________ Date______________________________