

# The CARES Act and your frequently asked questions of Voya®

The Coronavirus Aid, Relief and Economic Security (CARES) Act, a response to the public health crisis and associated economic fallout in the wake of COVID-19, was signed into law on March 27, 2020. The CARES Act includes a number of provisions applicable to retirement plans including new coronavirus-related distributions (CRDs), enhancements to loan provisions, and waiver of required minimum distributions (RMDs).

## CARES Act provisions implementation

### 1. How does a plan sponsor adopt the CARES Act provisions to their plan at Voya?

Voya requires a Letter of Direction from plan sponsors or Third Party Administrators (TPAs) (if applicable) informing Voya of the provisions that they will be adopting.

### 2. Can you explain Voya's position on having plan sponsors "opt-in" to the provisions?

Voya is taking an "opt-in" approach so our plan sponsors can make thoughtful, consultative decisions about what is most appropriate for their employees based on the COVID-19 situation. We believe requiring plan sponsors to opt-out of these provisions places them in a difficult fiduciary position that may result in the plan sponsor incurring administrative fees and legal costs.

### 3. Is there a deadline by which CARES Act distributions and loans must be issued?

A plan sponsor has until December 30, 2020 to offer the coronavirus-related distribution and September 22, 2020 to offer the new coronavirus-related loan provision. Plans sponsored by governmental employers (including public schools) should review state law for any potential modifications to conform state law to the new CARES Act provisions for governmental retirement plans.

### 4. Do plan sponsors need to amend their plan document to offer the provisions under the CARES Act?

Yes, plan sponsors have to amend their plan document to incorporate any optional benefit relief, such as the coronavirus-related distribution or loan provisions as well as required minimum distribution (RMD) relief.

The CARES Act provides the following retroactive remedial amendment period for 401(a), 401(k), 403(b) and governmental 457(b) plan documents to reflect the provisions of the CARES Act and Internal Revenue Services and Department of Labor guidance issued under the CARES Act:

- By the end of the 2022 plan year if the employer is not a governmental employer; and
- By the end of the 2024 plan year if the employer is a governmental employer.

### 5. How can a participant request a coronavirus-related distribution or loan?

If a plan sponsor has adopted these provisions under the CARES Act, participants can call Voya's Retirement Readiness Call Center to request a distribution or loan.

### 6. Does a participant have to provide documentation that they qualify for the provisions under the CARES Act?

Voya will rely conclusively on a participant's self-certification to determine eligibility.

## Coronavirus-related distributions

### 7. Who is eligible for a coronavirus-related distribution?

If a plan sponsor has adopted this provision under the CARES Act, an individual who experiences one of the following is eligible:

- Diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and Prevention;
- Spouse or dependent is diagnosed with such virus or disease by such a test; or
- Experience adverse financial consequences as a result of:
  - being quarantined, furloughed or laid off or having work hours reduced due to such virus or disease,
  - being unable to work due to lack of child care due to such virus or disease, closing or reducing hours of a business owned or operated by the individual due to such virus or disease; or
  - meeting such other factors as may be issued in Treasury guidance.

### 8. What is the amount a participant can withdrawal for a coronavirus-related distribution?

A plan participant in a 401(a), 401(k), 403(b) or governmental 457(b) plan or traditional IRA owner can take up to \$100,000 of their aggregate balance for a coronavirus-related distribution.

### 9. Is a coronavirus-related distribution taxable?

A coronavirus-related distribution is treated as taxable income and Voya will issue an IRS Form 1099R on the distribution amount for tax year 2020. A participant has three years to spread out the federal income tax payments.

**10. Can a participant have taxes withheld from a coronavirus-related distribution?**

Yes, a participant can have taxes withheld from a coronavirus-related distribution.

**11. Can a coronavirus-related distribution be repaid?**

Yes, a coronavirus-related distribution may be repaid directly by the participant in one or more contributions to a 401(a), 401(k), 403(b) or governmental 457(b) plan, or to a traditional IRA over a 3-year period beginning on the date that the distribution was received.

**12. Is a coronavirus-related distribution available to participants that have been furloughed or laid-off?**

Yes, the CARES Act does apply to employees furloughed or laid-off assuming the plan has adopted the coronavirus-related distribution provision. In addition, the plan rules should be reviewed for eligibility purposes.

**13. Is a coronavirus-related distribution available to terminated participants?**

Yes, the CARES Act does apply to in-plan terminated employees assuming the plan has adopted the coronavirus-related distribution provision. In addition, the plan rules should be reviewed for eligibility purposes.

## Coronavirus-related loans

**14. Who is eligible for a coronavirus-related loan?**

If a plan sponsor has adopted this provision under the CARES Act, an individual who experiences one of the following is eligible:

- Diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and Prevention;
- Spouse or dependent is diagnosed with such virus or disease by such a test; or
- Experience adverse financial consequences as a result of:
  - being quarantined, furloughed or laid off or having work hours reduced due to such virus or disease,
  - being unable to work due to lack of child care due to such virus or disease, closing or reducing hours of a business owned or operated by the individual due to such virus or disease; or
  - meeting such other factors as may be issued in Treasury guidance.

**15. What is the amount the participant is eligible to withdrawal for a coronavirus-related loan?**

Participants may take a new coronavirus-related loan from their retirement plan up to the lesser of \$100,000 or 100% of their vested account balance.

**16. Is a coronavirus-related loan available to participants that have been furloughed or laid-off?**

The plan rules determine if terminated participants are eligible for a loan.

**17. Is a coronavirus-related loan available to terminated participants?**

The plan rules determine if terminated participants are eligible for a loan.

## Coronavirus-related loan repayments

**18. If a participant takes a coronavirus-related loan can they defer the repayments?**

If a plan sponsor has adopted this provision under the CARES Act, yes a participant can defer their repayments.

**19. If a participant has an outstanding loan (non coronavirus-related), can they defer the repayments?**

If a plan sponsor has adopted this provision under the CARES Act and a participant has satisfied the eligibility requirements, yes a participant can defer their payments.

**20. How does a participant defer the repayments?**

A participants can contact Voya's Retirement Readiness Call Center to defer their payments.

**21. What is the loan repayment period and when do repayments need to begin?**

Loan payments due and unpaid between March 27, 2020 and December 31, 2020 (the "suspension period") will continue to accrue interest during the suspension period. In January, 2021, Voya will re-amortize the loan over the remaining term of the loan plus the length of the suspension period.

## Required Minimum Distributions

**22. Are Required Minimum Distributions (RMDs) required for 2020?**

No, RMDs are waived for 2020 for defined contribution plans including 401(a), 401(k), 403(b), and governmental 457 (b) plans and traditional IRAs. The RMD waiver is not available for non-governmental 457 plans, or defined benefit plans.

**23. Does a plan sponsor have to adopt this provision?**

No, RMD provisions do not require plan sponsor adoption.

**24. Will participants continue to receive RMD payments in 2020?**

No, RMDs are waived for 2020. Voya will continue to pay periodic installment payments to customers who have elected this distribution option from their retirement plan or IRA account.

**25. Can a participant suspend or stop their repetitive payments?**

Yes, if a participant wants to suspend or stop their payments in accordance with the plan



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