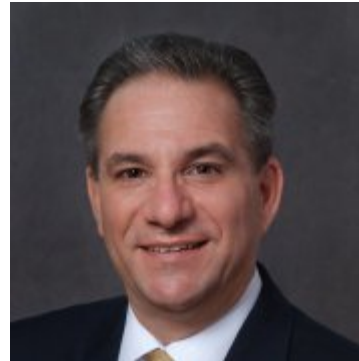




SECURE & CARES ACTS IMPACT ON YOUR RETIREMENT PLAN

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The CARES Act

Coronavirus Aid, Relief, and Economic Stimulus Act

COVID-19 - DEFINED CONTRIBUTION PLAN CHANGES

1. Are furloughed employees and others affected by COVID-19 permitted to take plan distributions?

- The CARES Act permits a Plan Sponsor to amend its plan to provide furloughed employees and others affected by COVID-19 to receive plan distributions of up to \$100,000. (Signed into law on March 27, 2020)
- Waiver of 10% excise tax
- Waiver of 20% mandatory withholding tax
- Voluntary federal income tax and state taxes
- Can repay distribution as a rollover within a 3-year time period
- Plan Amendment not due until 2022
- Notice requirements
- Participant self-certification

COVID-19 - DEFINED CONTRIBUTION PLAN CHANGES

2. Does the CARES Act provide more flexibility regarding plan loans?

- The CARES Act permits a Plan Sponsor to amend its plan to provide a higher loan amount (up to the lesser of \$100,000 or 100% of the vested plan account balance).
- Temporary deferment of certain loan repayments.
- Amendments to loan procedures
- Re-amortization of loans
- Tracking by record-keeper

3. Required minimum distributions delayed for 2020

RETIREMENT PLAN CONSIDERATIONS

1. Can employers change their contributions under qualified retirement plans?

- If the plan is a “safe harbor” plan, whether the employer reserved the right to amend the plan mid-year, or whether the employer is experiencing an “economic loss”
- If the plan is a “non-safe harbor” plan, whether the contributions are (a) discretionary, (b) allocated periodically or annually or (c) conditioned on other factors (e.g., “last day” or 1,000-hour rule)
- Special Considerations: Non-discrimination testing; accelerated vesting
- Contributions for the 2019 Plan Year: required?
- Notice requirements

2. Can a reduction in force result in a partial plan termination of an employer’s 401(k) Plan?

- 20% or more reduction in force.
- RIF time period.



The SECURE Act

Every Community Up for Retirement Enhancement Act

Overview

- The Setting Every Community Up for Retirement Enhancement (SECURE) Act was signed into law on December 20, 2019 by President Donald Trump
- The goal is to help Americans in their journey to a more comfortable retirement
- As a result, changes have been made to...
 - Required Minimum Distributions (RMDs)
 - 401(k) programs
 - Penalty-free withdrawals in regards to family planning
 - Loan repayments
 - IRAs

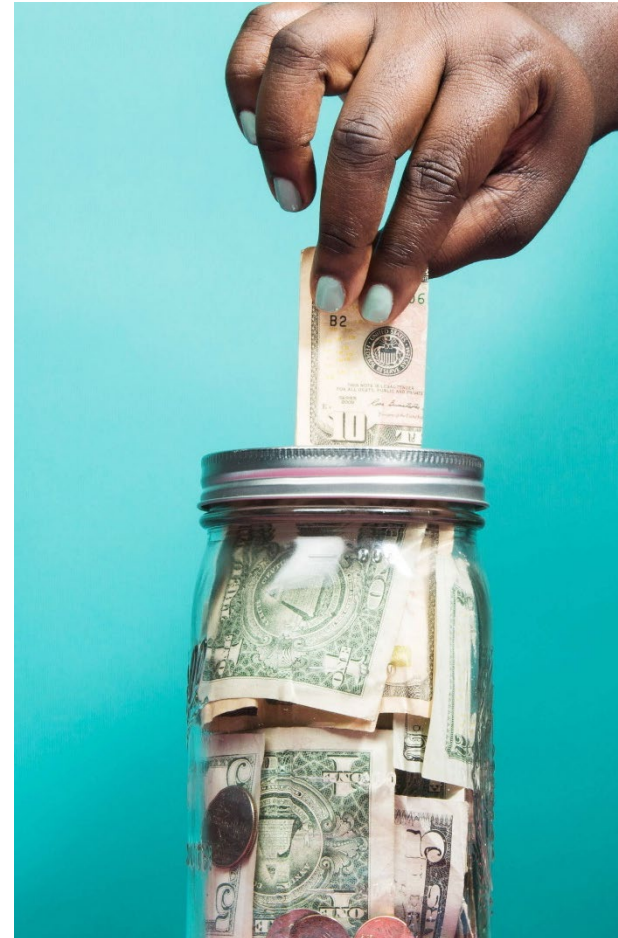


KEY PROVISIONS UNDER THE SECURE ACT

- **401(k) Plan Coverage for Long-Term, Part-time Employees:**
 - The Rule
 - Administrative Challenges
 - Effective Date
- **Welcome Modifications to Distribution Rules:**
 - Age 72
 - Ten Year Rule
 - Effective Date
- **401(k) / 403(b) Safe Harbor Guidance:**
 - Non-Elective Contributions
 - Auto-Enrollment
 - Mid-Year Elections

IRA Contributions

- Investors can now contribute to their Traditional IRAs after they reach the age of 70 1/2
- Individuals or their spouse needs to have earned income in order to be eligible to contribute to the IRA





RETIREMENT PLAN FILINGS

- Significant increase in penalties:
 - 5500
 - 8955 - SSA

OPEN MULTIPLE EMPLOYER PLANS

- Commonality of Interest Eliminated for Pooled Employer Plans
- “One Bad Apple” rule
- Effective Date
- Challenges



LIFE TIME INCOME PROVISIONS

- Disclosures
- Fiduciary Safe Harbor
- Portability
- Challenges
- Effective Date

Expanded Annuity Options in Retirement Plans

- Before the SECURE Act, the option to have an annuity within a 401(k) was available
 - Due to increased fiduciary responsibility for the employer, it was not promoted as an effective way to save for retirement
 - Individuals were also concerned about actually receiving a lifetime of income guarantee
- The Secure Act alleviated some of this concern by creating a fiduciary safe harbor for selecting the annuity option
- The Secure Act also gives clients more information that can allow them to evaluate how the annuity option could work for them.
 - Effective 12 months after the Department of Labor issues guidance, defined contribution plans will be required to provide participants with lifetime income estimates.
- Secure Act also makes the annuity portable once the plan participant has chosen the lifetime income option (the ability to transfer from account to account)
- The SECURE Act created a new “Distributable Event” (i.e. separation of service, death, attainment of age 59 1/2) that applies just to annuities when they are no longer allowed as an investment option within a plan
- Participants are allowed to distribute their plan annuity starting 90 days prior to the elimination of the annuity as a investment plan option

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SMALL EMPLOYER TAX CREDITS

- 100 or fewer
- Increase in Amount
- Effective Date

Credit Card Access to 401(k) Loans

- The SECURE Act disallows the ability to pay 401(k) loans with credit cards or similar means
- The purpose is to maintain debt control



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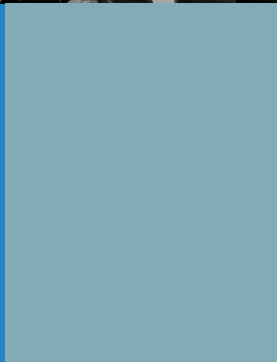
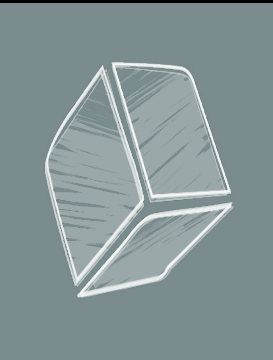
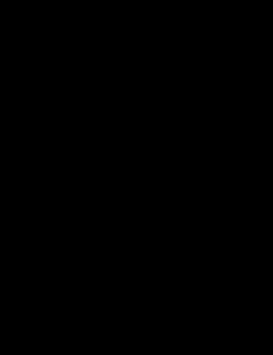
OTHER KEY PROVISIONS

- Credit Cards
- Consolidation of Form 5500 for Controlled group members
- Modification of testing rules for frozen defined benefit plans
- Later adoption timing for pension or profit sharing plans



To Do's

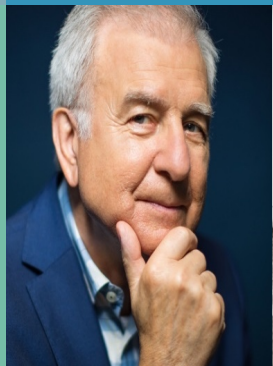
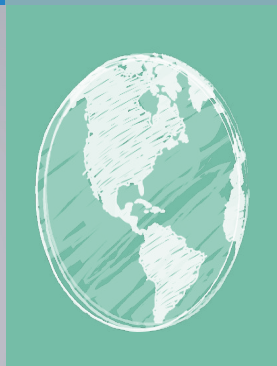
- Contact Record-Keeper or TPA for administrative and document changes
- Seek Legal Advice
- New communications
- Investment Advisor
- Business Decisions



Thank You!


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Although this information attempts to cover some major recent developments, it is not all-inclusive, and the current status of any decision or principle of law should be verified by counsel.



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