

Key defined contribution plan provisions from the Coronavirus Aid, Relief, and Economic Security (CARES) Act

Updated October 2020

Distributions and Recontributions

Distributions¹

- Must satisfy one of three criteria²
- Up to \$100,000 for distributions made from Jan. 1, 2020 - Dec. 30, 2020 from eligible plans and IRAs
- May spread the income evenly over a three-year period
- No 10% early withdrawal penalty for pre-59½ distributions
- Self-certification of distribution

Recontributions¹

- May repay amount of prior distributions as a rollover contribution within 3 years of the distribution
- May be required to file an amended income tax return to request a refund of taxes previously paid

Loans

Increased Loan Amounts

- Must satisfy one of three criteria²
- Increased loan limit until Sept. 22, 2020 to qualified individuals
- New limit is the lesser of 100% of vested account balance or \$100,000 (reduced by the highest outstanding loan balance within the past 12 months)
- Plan may increase the number of loans that may be outstanding

Loan Payment Deferment

- Must satisfy one of three criteria²
- Potential loan payment deferment period (Mar. 27, 2020 - Dec. 31, 2020)
- Interest continues to accrue during the elected deferment period
- Term of loan will be extended by the length of the elected deferment period

Miscellaneous

2020 Minimum Required Distributions (MRDs)¹

- Allows the waiver of 2020 MRDs
- No 2020 MRDs for participants and beneficiaries (unless elected otherwise) except the April 1, 2020 MRDs were distributed since the CARES Act passed on March 27, 2020
- Fidelity will continue scheduled 2020 MRD installment payments selected by participants or beneficiaries (unless directed otherwise)

Plan Document Amendment

- Must amend the plan document by the last day of the plan year that begins in 2022 (2024 for governmental plans)

¹ The requirements also apply to IRAs.

² CARES Act Eligibility Criteria: You are a "qualified individual" if:

- You, your spouse or your dependent (as defined in Internal Revenue Code section 152) is diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (both referred to as "COVID-19") by a test approved by the Centers for Disease Control and Prevention (including a test authorized under the Federal Food, Drug, and Cosmetic Act); or
- You have experienced adverse financial consequences because: (i) you, your spouse, or a member of your household was quarantined, furloughed or laid off, or had work hours reduced due to COVID-19; (ii) you, your spouse or a member of your household was unable to work due to lack of childcare due to COVID-19; (iii) a business owned or operated by you, your spouse or a member of your household closed or reduced hours due to COVID-19; or (iv) you, your spouse or a member of your household had a reduction in pay (or self-employment income) due to COVID-19 or had a job offer rescinded or start date for a job delayed due to COVID-19.

*A "member of your household" is someone who shares your principal residence.

Plan rules and requirements may restrict or change one or more of the key provisions.

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Fidelity Investments Institutional Operations Company LLC, 245 Summer Street, Boston, MA 02210

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