



CARES Act Loan Application

DEFINED CONTRIBUTION PLANS INCLUDING 401(K), PROFIT SHARING, 403(B), AND GOVERNMENTAL 457(B) PLANS
NO JOINT AND SURVIVOR OPTION

The Plan Administrator is responsible for the processing of all plan loans in accordance with the Plan Document and the rules outlined in the Participant Loan Program subject to the provisions in the CARES Act of 2020. Please contact us at 800.999.8786 for help in completing this form.



IMPORTANT INSTRUCTIONS

- Review the most recent copy of the **Participant Loan Program** found on BenefitsForYou.com. All loan provisions other than those outlined below will apply to any coronavirus-related loan.
 - **Increase in Limit on Loans.** For a period of 180 days beginning on the date of the CARES Act enactment, March 27, 2020 ("Enactment Date") and ending on September 22, 2020, a Qualified Individual (see below) may borrow up to the lesser of \$100,000 or 100% of his/her vested account balance.
 - **Delay of Repayment.** A **Qualified Individual** with an outstanding loan (on or after March 27, 2020 (CARES Act Enactment Date)) from an eligible employer plan with a due date of any repayment to such loan occurring during the period beginning on March 27, 2020 and ending on December 31, 2020. Repayments will resume with the first payroll on or after, January 1, 2021, and the loan term shall be extended for one year, unless you elect out below. Any subsequent repayments shall be appropriately adjusted to reflect the delay in the repayments and the interest accrued during such delay. **Note: If you terminate employment and do not take a distribution, your suspended outstanding loans will not offset until 2021. If you terminate employment and elect a distribution of any portion of your account in 2020, your loan will offset immediately and any portion of your loan balance that may be treated as a Coronavirus-Related Distribution will be treated as such.**
 - **Qualified Individual.** A Qualified Individual is defined as an individual:
 - who is diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (referred to collectively in this notice 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);
 - whose spouse or dependent (as defined in section 152 of the Code) is diagnosed with 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
 - who experiences adverse financial consequences as a result of:
 - the individual being quarantined, being furloughed or laid off, or having work hours reduced due to COVID-19;
 - the individual being unable to work due to lack of childcare due to COVID-19; or
 - closing or reducing hours of a business owned or operated by the individual due to COVID-19.
 - the individual having a reduction in pay (or self-employment income) due to COVID-19 or having a job offer rescinded or start date for a job delayed due to COVID-19;
 - the individual's spouse or a member of the individual's household* being quarantined, being furloughed or laid off, or having work hours reduced due to COVID-19, being unable to work due to lack of childcare due to COVID-19, having a reduction in pay (or self-employment income) due to COVID-19, or having a job offer rescinded or start date for a job delayed due to COVID-19; or
 - closing or reducing hours of a business owned or operated by the individual's spouse or a member of the individual's household* due to COVID-19.
- *For purposes of applying these factors, a member of the individual's household is someone who shares the individual's principal residence.
- **Loan Application.** The Plan Administrator or Third Party Administrator must submit a completed CARES Act Loan Application to CUNA Mutual Retirement Solutions.
 - Participant signature is required in Section 2;
 - Third Party Administrator signature (if applicable) is required in Section 3; and
 - Plan Administrator signature is required in Section 4.
- CUNA Mutual Retirement Solutions has waived the loan processing fee outlined in the Fee Disclosure available at **BenefitsForYou.com** for CARES Act Loans.

- CUNA Mutual Retirement Solutions will process and mail a check to the participant at the address on record (EFT/wires not available).
- The loan amortization schedule will be available on **BenefitsForYou.com** for both the Plan Administrator and Participant.
- The employer must deduct payments from the participant's compensation and repay the plan by investing the payments in a plan funding vehicle subject to **Delay of Repayment** rules outlined above.
 - Employer will need to submit the loan repayments to CUNA Mutual Retirement Solutions with the plan deposits after each payroll deduction including individually identifying the loan repayments and listing the date they were withheld from the participant's compensation.
- Loan repayments are made from after-tax compensation. Loan repayments are NOT excluded from taxable income on the participant's W-2.
- Please return the completed form to your Plan Administrator to review for completion - **including necessary signatures**.
- **The Plan Administrator/Plan Representative and Third Party Administrator (if applicable) are responsible to ensure this form is completed fully and accurately and will submit directly to CUNA Mutual Retirement Solutions.**

CUNA Mutual Retirement Solutions

Phone: 800.999.8786

BenefitsForYou.com

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1 LOAN APPLICATION

Participant Name: _____ Social Security Number: _____ Date of Birth: _____

Plan Name: _____ Contract Number/Plan ID: _____

Payment Method: **Check will be mailed directly to you at the address your employer has on record with CUNA Mutual Retirement Solutions. If you would like to update your address, please contact your Plan Administrator/Plan Sponsor prior to submitting this form.**

Participant must complete A and B, below:

A. Loan Amount:

\$ _____ (\$100,000 limit; specify amount.) **NOTE:** This amount cannot exceed the **Increased Loan Limits** as outlined above (page 1). If the amount requested is not available due to a) market value fluctuations, or b) plan provisions not allowing requested amount, the loan will be issued for the maximum amount available determined as of the date the loan is issued.

B. Loan Terms (NOTE: The loan term cannot exceed 5 years. See **Delay of Repayment** requirements (page 1).)

1) **Loan Term:** _____ years (whole years only; 1 year minimum)

2) **Payroll Deduction Repayment Schedule (must match your payroll frequency):**

Weekly Biweekly Semimonthly Monthly

2 PARTICIPANT LOAN NOTE (must be completed)

Plan Administrator or Third Party Administrator must complete, and Participant must review and sign below.

The words "I," "Me," and "My" refer to the participant (or borrower) and the words "You" and "Your" refer to the Plan Administrator in this "Promise to Pay" section.

PROMISE TO PAY – This is an agreement which covers my Participant Loan. I promise to make payments to the Plan according to the schedule stated below. Each installment includes interest and will be applied first to accrued interest and the balance to principal.

Estimated Installment Amount*: _____ Interest Rate: _____ % # of Installments**: _____ Installment Begin Date***: _____

* Most financial institutions' websites contain a simple loan calculator to assist in completing this section (e.g. <https://www.calculator.net/loan-calculator.html>).

** The number of installments should equal the number of payments that will be made during the loan term stated in Section 1, item B, based on the participant's payroll frequency.

*** The Installment Begin Date should be a date that is as soon as administratively possible (generally, within two weeks of the issuance of the loan) and **must be completed even if the loan repayment is being delayed under the CARES Act.**

Interest Deductibility – In all cases, loan interest is not deductible.

Security – I am giving you a security interest in my vested interest in the above-named Plan; and

Acceleration of Payment – I understand that subject to the **Delay of Repayment** exception (see page 1):

- (i) If I retire or terminate employment with my employer; or
- (ii) If I default on this loan, as defined below, that the entire balance due under this Note, both principal and interest, will be automatically accelerated and become immediately due and payable. In such event, I will either pay the balance due under the Note or suffer a default with the consequence as described below.

Prepayment – I understand that I may prepay the balance of my loan at any time without penalty.

Default – Subject to the **Delay of Repayment** exception (see page 1), this loan may be treated as in default if any scheduled payment remains unpaid for the period of time outlined in the Plan's Loan Program.

Consequence of Default – I will have the opportunity to repay the loan or resume current status of the loan by paying any missed payment plus interest. If the loan remains in default, the outstanding balance of the loan becomes a deemed distribution and may be subject to taxation. Pending final disposition of the note, I remain obligated for any unpaid principal and accrued interest.

Participant Certification and Agreement

I certify that I am a Qualified Individual: A **Qualified Individual** is defined as an individual:

- who is diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (referred to collectively in this notice 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);
- whose spouse or dependent (as defined in section 152 of the Code) is diagnosed with 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
- who experiences adverse financial consequences as a result of:
 - the individual being quarantined, being furloughed or laid off, or having work hours reduced due to COVID-19;
 - the individual being unable to work due to lack of childcare due to COVID-19; or
 - closing or reducing hours of a business owned or operated by the individual due to COVID-19.
 - the individual having a reduction in pay (or self-employment income) due to COVID-19 or having a job offer rescinded or start date for a job delayed due to COVID-19;
 - the individual's spouse or a member of the individual's household* being quarantined, being furloughed or laid off, or having work hours reduced due to COVID-19, being unable to work due to lack of childcare due to COVID-19, having a reduction in pay (or self-employment income) due to COVID-19, or having a job offer rescinded or start date for a job delayed due to COVID-19; or
 - closing or reducing hours of a business owned or operated by the individual's spouse or a member of the individual's household* due to COVID-19.

*For purposes of applying these factors, a member of the individual's household is someone who shares the individual's principal residence.

- I understand and agree to the representations herein.
- I further agree to make interest and principal payments when due by payroll deduction or other method as determined by the employer.
- I understand that failure to make such payments when due could jeopardize the status of this loan as a nontaxable transaction and could result in the IRS treating these loan proceeds as a taxable distribution to me.
- I understand that failure to repay this loan will reduce the benefits available to me from the retirement plan (by the amount of the outstanding loan balance plus accrued interest).
- I also understand that it will be my responsibility to monitor payroll deductions and to notify the Plan Administrator of any repayment errors.
- I authorize the Plan Administrator to establish a directed investment account for me sufficient to cover the amount of this loan, and to use those funds for this loan. Loan repayments will be invested according to the current investment elections on file with CUNA Mutual Retirement Solutions on each repayment date.

If you have any outstanding loans, you can repay them before receiving a distribution or electing to defer your benefit. If you retire or otherwise terminate employment with an outstanding loan balance, generally the loan will be offset as of the earlier of the date of distribution, deferred benefit election, or 30 days after termination of employment. Note: If you terminate employment and do not take a distribution, your suspended outstanding loans will not offset until 2021. If you terminate employment and elect a distribution of any portion of your account in 2020, your loan will offset immediately and any portion of your loan balance that may be treated as a Coronavirus-Related Distribution will be treated as such.

Delay of Repayment Opt-Out

Unless otherwise elected below, my loan payments will be delayed, interest shall accrue on my suspended loan payments, and my loan shall be reamortized for the extended loan term as permitted by the CARES Act Delay of Repayment provisions as outlined on page 1.

- Opt out of Delay of Repayment Election – I elect to begin my loan payments on the Installment Begin date indicated above, which represents my next payroll (or a date as soon as administratively possible after that).

Participant Signature:

X

Date:

3 THIRD PARTY ADMINISTRATOR – LOAN APPROVAL (if applicable)

Authorized Third Party Administrator Signature:

Date:

Telephone:

X

4 PLAN ADMINISTRATOR/PLAN REPRESENTATIVE (EMPLOYER) – LOAN AUTHORIZATION

I have the authority to and do, hereby, direct CUNA Mutual Retirement Solutions (CMRS) to implement the Coronavirus-related loan repayment suspension of the CARES Act on behalf of the Plan. I further direct CMRS to modify the “Administrative Procedures” related to Coronavirus-related loans only (not for any other loan to a non-Qualified Individual) to allow, for Qualified Individuals who have completed this form and subsequently terminate employment, for a full “pay-off” payment related to a loan offset to be delayed in accordance with the CARES Act. Further, I have reviewed and approved this request and direct CUNA Mutual Retirement Solutions to process the requested coronavirus-related loan. Finally, I acknowledge the Participant’s certification as a Qualified Individual under the CARES Act above and certify that I do not have actual knowledge to the contrary.

Authorized Plan Administrator Signature:

Date:

Telephone:

X

FOR PLAN ADMINISTRATOR OR THIRD PARTY ADMINISTRATOR USE ONLY Once you have approved this form for completion, including all required signatures, please upload the completed form to us through BenefitsForYou.com.