

Sponsor Election to Allow Coronavirus-Related Distributions and Loans

Voya Financial

Dear Plan Sponsor,

On Friday, March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act, or CARES Act (the "Act"). The Act includes a number of tax provisions related to retirement plans noted in this summary.

Coronavirus-Related Distribution from Certain Retirement Plans

A plan participant or IRA owner may take a coronavirus-related distribution from a 401(a), 401(k), 403(b) or governmental 457(b) plan, or from a traditional IRA beginning March 27, 2020 and before December 31, 2020 due to:

- that individual being 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;
- the individual's spouse or dependent being diagnosed with such virus or disease by such a test; or
- the individual experiencing 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.

A plan administrator may rely on a participant's certification that the participant satisfies the eligibility conditions for taking a coronavirus-related distribution.

Federal Income Tax Treatment of Coronavirus-Related Distribution

A coronavirus-related distribution is not subject to the mandatory federal 20% withholding or delivery and receipt of the Special Tax Notice. Voya will tax report the full distribution amount for tax year 2020.

Waiver of the IRS 10% Premature Distribution Penalty Tax

A plan participant or IRA owner who takes a coronavirus-related distribution up to an aggregate amount of \$100,000 is not subject to the Internal Revenue Service (IRS) 10% premature distribution penalty tax. A plan sponsor's responsibility for monitoring the \$100,000 aggregate distribution amount of a participant's coronavirus-related distribution is limited to only coronavirus-related distributions a participant takes from all plans of that employer (and any other plans that are part of that employer's controlled group). Please note that Voya will not monitor the \$100,000 aggregate distribution limit.

Repayment of Coronavirus-Related Distribution

A coronavirus-related distribution may be repaid 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 if the recontribution is made to:

- a 401(a), 401(k), 403(b), governmental 457(b) plan or traditional IRA. The coronavirus-related distribution is considered to be a rollover eligible distribution for recontribution purposes.

Plan Loan Relief – Coronavirus-Related Loans

A participant who satisfies the eligibility requirements for a coronavirus-related distribution:

- may take a loan from a 401(a), 401(k), 403(b) or governmental 457(b) plan during the 180-day period beginning on March 27, 2020 of up to the lesser of \$100,000 (taking into account the outstanding balance of all other loans taken from plans of the employer) or 100% of the nonforfeitable value of the participant's account under the plan (note existing outstanding loan amounts and number of loans permitted under the plan will serve to decrease the amount available).
- Voya will rely on a participant's certification that the participant satisfies the eligibility conditions for taking a loan under this provision.

Please note, your plan's existing loan provisions still apply with respect to the number of loans available. Additionally, your plan must offer loans in order to implement this provision.

Other important changes that apply to your plans

Plan Loan Repayment Relief

A participant who satisfies the eligibility requirements for a coronavirus-related loan:

- may delay repayment of a new or existing loan from a 401(a), 401(k), 403(b) or governmental 457(b) plan for a period of one year for loan repayments outstanding on March 27, 2020 through December 31, 2020. The delay of the loan repayment will not cause the loan to fail to meet the Internal Revenue Code requirements for the maximum five-year loan term for nonresidential loans or substantially level reamortized payment schedule. Once repayments recommence, the loan will be adjusted to reflect the delay, including accrued interest.
- Voya will rely on a participant's certification that the participant satisfies the eligibility conditions for delaying loan repayments.

This provision will impact payroll processing. Plan sponsors will need to contact their payroll providers and Voya to make any necessary updates to support this provision.

Waiver of Required Minimum Distribution (RMD) from Certain Defined Contribution Plans and Traditional IRAs for 2020 Calendar Year

RMDs are waived for all participants and beneficiaries in 2020 from accounts within a defined contribution 401(a) or 401(k) plan, defined contribution 403(b) plan or a defined contribution governmental 457(b) plan, or a traditional IRA. Voya will automatically cease processing of single payment RMDs for 2020 unless otherwise directed. Voya will continue to distribute all participant-elected installments, including recurring RMD payments. Participants may modify any such elections by following existing plan provisions.

Plan Sponsor Authorization to Voya

By checking the box(es) below, you confirm your intent to amend your plan based on the rule changes stated above and instruct Voya to process coronavirus-related distributions and loans.

Important Note: The Act is federal legislation and does not supersede any corresponding state legislation or state taxes applicable to retirement plans. As the plan sponsor you acknowledge that you are instructing Voya to process these distributions in the absence of conforming state law and state tax guidance.

Select each that apply:

☐ The _____ Plan will adopt the Act's provision to allow **coronavirus-related distributions** as outlined above and directs Voya to accept participants' self-certification of eligibility (including a telephonic affirmation on a recorded line) to receive a coronavirus-related distribution.

☐ The _____ Plan will adopt the Act's provision to allow **coronavirus-related loans** as outlined above and directs Voya to accept participants' self-certification of eligibility (including a telephonic affirmation on a recorded line) to receive a coronavirus-related loan.

Plan Name

Plan Numbers

Print Authorized Plan Sponsor Representative Name

Title

Authorized Plan Sponsor Representative Signature

Date

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