

**TO:** PCA Retirement Plan Participants  
**FROM:** Chet Lilly, Chief Operating Officer  
**RE:** **Important Retirement Plan Changes**  
**DATE:** April 13, 2020

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Included in this legislation are several provisions that impact retirement plans. Following is a provision the Plan has adopted which may impact you.

**EXPANDED DISTRIBUTION OPTION:**

If you have been impacted by coronavirus (see below for who is eligible) you may take a withdrawal from your account of up to \$100,000. If you are in multiple plans sponsored by the same employer, withdrawals from all plans combined cannot exceed this limit. The withdrawal must be completed prior to December 31, 2020. The withdrawal is NOT subject to the 10% early withdrawal penalty that would typically apply to withdrawals taken prior to age 59 ½. Individuals who take a coronavirus-related withdrawal have the right to repay some or all of the amount taken by making contributions back to any eligible plan that accepts rollover contributions. These repayments can be made any time over the three-year period beginning on the date of the withdrawal.

In order to take a coronavirus-related withdrawal, you must complete and submit the special coronavirus form. You can obtain the form by logging into your retirement plan account access at <https://nwps401k.com/login.aspx> or contacting us at [retirement@pcarbi.org](mailto:retirement@pcarbi.org) or 800-789-8765.

**Important Tax Considerations**

Amounts withdrawn under this special distribution option are fully taxable if not repaid to an eligible plan as noted above. Any amount that is not repaid will be required to be included in gross income, generally spread over three taxable years beginning with the tax year of the withdrawal. These distributions are subject to 10% federal withholding (and state withholding, as required), but you can choose to have more or less withheld. While we cannot give tax advice, we caution you to consider the amount that you have withheld in light of the tax impact of this withdrawal and so that you don't end up with a significant tax liability when you file your tax return for 2020. We recommend that you contact your tax advisor for a detailed understanding of the tax implications to you prior to taking this withdrawal.

**EXPANDED LOAN LIMIT:**

If you have been impacted by coronavirus (see below for who is eligible) the maximum amount you can borrow under the Plan has been increased to the lesser of \$100,000 (subject to adjustments if you have existing outstanding loans within the last 12 months) or 100% of your vested account balance in the plan. The increased limit applies to new loans taken through September 23, 2020.

In order to take a coronavirus loan, you must complete and submit the special coronavirus loan form. You can obtain the form by logging into your retirement plan account access at <https://nwps401k.com/login.aspx> or contacting us at [retirement@pcarbi.org](mailto:retirement@pcarbi.org) or 800-789-8765.

#### **ABILITY TO SUSPEND LOAN PAYMENTS:**

If you have been impacted by coronavirus (see below for who is eligible) and you take out a new loan as mentioned above, your loan repayments will not start until January 2021, unless you request that the payment be started earlier. This is based on our current understanding of the Act and is subject to change depending on future guidance. If you don't want the repayments delayed, contact us at [retirement@pcarbi.org](mailto:retirement@pcarbi.org) or 800-789-8765.

If you have been impacted by coronavirus (see below for who is eligible) and you have an outstanding loan that has repayments due between March 27, 2020 and December 31, 2020, your loan repayments will continue, unless you request that the payments be suspended. In order to suspend your loan payments, you will be required to certify that you have been impacted by coronavirus. You can obtain the form by logging into your retirement plan account access at <https://nwps401k.com/login.aspx> or contacting us at [retirement@pcarbi.org](mailto:retirement@pcarbi.org) or 800-789-8765.

If your payments are suspended, interest would continue to accrue during the suspension period, and the due date of the loan will be extended by the length of time that the payments are suspended. Your outstanding loan will be reamortized when payments are restarted over the remaining loan term as extended by the suspension period. You will be notified when the payments restart and will be provided with the new payment amount at that time.

#### **Important Tax Considerations**

If you stop making loan payments, the loan will eventually be defaulted, and the remaining loan balance will be fully taxable to you. While we cannot give tax advice, we caution you to consider the amount that you borrow so that you don't end up with a significant tax liability should you not pay back the entire loan. We recommend that you contact your tax advisor for a detailed understanding of the tax implications to you prior to taking this loan.

#### **WHO CAN TAKE ADVANTAGE OF THE NEW PLAN PROVISIONS:**

Only those individuals impacted by coronavirus are permitted to take the above distributions or loans. An impacted individual is anyone who falls into one of the categories listed below. You must self-certify that you meet one of these conditions.

- An individual who is 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,
- An individual whose spouse or dependent (as defined in section 152 of the Internal Revenue Code of 1986) is diagnosed with such virus or disease by such a test, or
- An Individual who experiences adverse financial consequences as a result of being quarantined, being 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 other factors as determined by the Secretary of the Treasury (or the Secretary's draft delegate).

## **REQUIRED MINIMUM DISTRIBUTION WAIVER:**

Under current law, generally, individuals at age 72 must start taking required minimum distributions (RMDs) from their retirement plans and IRAs. RMDs for calendar year 2020 have been suspended. **This change applies to all participants, not just those impacted by coronavirus as described above.** It has yet to be determined what options are available to you if you have already received an RMD during 2020 (for example, roll it over to another eligible plan or IRA, or pay it back to the plan). You can contact the NWPS call center for the most up-to-date information available regarding the available options for RMDs that have already been processed.

### **Important Tax Considerations**

Information in this memo is based on our current understanding of the provisions of the CARES Act and may change based on subsequent guidance issued by the IRS or Department of Labor.

If you have any further questions on the information contained in this memo, please contact us at [retirement@pcarbi.org](mailto:retirement@pcarbi.org) or 800-789-8765.