

Repayment Option for CARES Act Distributions

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was signed into law on March 27, 2020 and created a new emergency retirement plan distribution option called the coronavirus related distribution ("CRD"). A CRD was available to eligible participants from their PCA Retirement Plan accounts beginning on January 1, 2020 and ending on December 30, 2020. These special distributions could be taken in any amount up to \$100,000 and the usual 10% penalty tax was waived.

If you took a CRD from your account in 2020, you can avoid a potential tax hit by putting some or all of the CRD back in your account within three years from the date you took the distribution. To do so, complete the CARES Act Distribution Form found on our website at pcarbi.org/covid-19.

Tax Reporting and Form Filing

Tax Reporting: Your CRD will be reported on IRS Form 1099-R in 2021. IRS Form 1099-R will include information about the gross and taxable amount of your distribution and any applicable federal and state income tax withholding. The information on IRS Form 1099-R will also be reported to the IRS, and you will use that information to prepare your federal, and possibly, your state income tax returns to qualify for the income tax relief.

IRS Form 8915-E: You must use IRS Form 8915-E 'Qualified 2020 Disaster Retirement Plan Distributions and Repayments' when you file your 2020 federal income tax return to claim the special tax benefits. The special benefit will allow you to spread the income taxes over three years and no early withdrawal penalty for any CRD.

Recontributions of Cares Act Distributions

Recontributions: You may retribute part or all of your CRD to the PCA Retirement Plan. However, if you received your CRD as a beneficiary of a deceased plan participant, other than the participant's surviving spouse, you may retribute the amount only to an IRA. Recontributions must be made within the three-year period beginning on the day after the date you received your distribution.

Income Tax Recovery: You may be required to file an amended federal income tax return and IRS Form 8915-E to report the amount of your retribution and potentially recover some or all of the income taxes that you originally paid with respect to your CRD.

Tax laws are complex, particularly for this year's filing. For further information, please refer to www.irs.gov, IRS Notice 2020-50, and/ or consult with a tax professional about the direct impact of the CARES Act on your tax situation.

This information is being provided for educational purposes. We hope it assist those who have taken a CRD or are interested in repaying all or a portion of their CRD back into the plan. If you need assistance, please call one of our Benefit Service Advisors at **800-789-8765**. We look forward to hearing from you.