

Lincoln is here to help.

To help you navigate financial difficulties resulting from COVID-19, the federal government has passed the CARES Act, an economic stimulus package that includes provisions aimed at making it easier for those who qualify to access money in their retirement plan accounts.

CARES Act provisions

1 Penalty-free, coronavirus-related distributions (CRDs)—subject to the terms of your plan

You can take up to \$100,000 from the vested balances in your retirement plan accounts, including IRAs. You can take money from more than one retirement account, but the maximum you can withdraw from all your retirement accounts combined is \$100,000. You won't be subject to the normal 10% early withdrawal penalty (if you're under 59½) or the 20% mandatory tax withholding. However, 10% federal tax withholding will apply unless you elect no tax withholding on the CARES Act distribution request form. While your distribution is considered ordinary income and is taxed, you can spread that expense over three years and pay a portion of the tax each year.

If you take the distribution in 2020, you also have the option to repay the distribution back to your retirement account over a three-year period, in which case it will be treated as a direct transfer and will not be taxed.

You can request a distribution more than once (up to the \$100,000 vested balance maximum across all of your retirement accounts). This allows you the ability to request enough money to meet your short-term needs while retaining as much in your retirement account as possible.

2 Expanded loan provisions — subject to the terms of your plan

You can borrow up to 100% of your vested balance or \$100,000 (whichever is less) from eligible retirement plan accounts during the qualifying period from March 27, 2020, through September 22, 2020, and pay it back, along with accrued interest.

You will be permitted to take an additional loan, as long as the outstanding loans from all eligible retirement accounts combined do not exceed the lesser of \$100,000 or 100% of your vested account balance.

Any repayments due between March 27, 2020, and December 31, 2020, on new or existing loans can be delayed for one year, although interest will still accrue.

3 Required minimum distribution (RMD) waiver

If you attained age 70½ before January 1, 2020, you're legally required to take an RMD in 2020, based on your previous calendar year-end account value. However, under the CARES Act, you can waive your 2020 RMD (including a first-time required 2019 RMD that was delayed until April 1, 2020) and avoid the effect of recent market losses on a withdrawal from your account. In addition, if you took a 2019 or 2020 RMD between February 1, 2020, and May 15, 2020, you may be able to directly transfer the distribution back into your retirement plan.

Are you eligible?

To take advantage of the CARES Act distribution and loan provisions, you must self-certify that you meet one of the following criteria:

- You have contracted COVID-19
- Your spouse or dependent has contracted COVID-19
- You have lost your job, have been furloughed, or are working a reduced schedule because of COVID-19
- You are unable to work due to loss of child care because of COVID-19

Your plan permits:

- Penalty-free distributions
- Increased loan limit
- Additional loan
- Delayed loan repayments



Important note

Before taking a distribution or loan from your plan account, consider other options. By withdrawing money that's meant for retirement, you'll reduce your balance and eliminate future earning potential.

Bottom line

These are challenging times, and the expanded distribution and loan provisions can offer you a financial safety net. As you evaluate your options, be sure to balance your current needs with the potential long-term negative effects a distribution can have on your retirement savings. You may want to consider taking smaller distributions as needed, rather than requesting the maximum amount allowed. This gives you the flexibility to be conservative in the amount you request for immediate needs while preserving as much of your savings as possible for the future.



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Your Lincoln retirement consultant, **Bob Cowser**, is here to answer your questions about the CARES Act provisions available to you. For additional information, visit [LincolnFinancial.com/Placercountydeferredcomp](https://www.lincolnfinancial.com/placercountydeferredcomp).

Bob Cowser

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When you are ready to request an eligible distribution, loan, or to waive your RMD, please call the Lincoln Customer Contact Center at **800-234-3500**, Monday through Friday, between **8:00 a.m. and 8:00 p.m. Eastern**.

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