

## **The CARES Act and Your 457(b) Deferred Compensation Accounts**

The Coronavirus Aid, Relief and Economic Security (CARES) Act intends to provide financial relief to 457(b) Deferred Compensation Plan participants who have been adversely impacted by COVID-19 through tax-favored distributions, higher loan limits, and loan repayment suspension options.

To qualify for this relief, you need to fall into one of two categories:

- You, your spouse, or a dependent is diagnosed with COVID-19.
- You have suffered financial consequences as a result of the pandemic. These might include reduced income from being quarantined or furloughed, having your hours reduced, being unable to work due to childcare issues or other issues beyond your control arising out of this situation.

### **Coronavirus-Related Distributions**

The Act allows for tax-favored withdrawals up to \$100,000, and

- Income tax liability can be spread over three years
- All or a portion of the distribution can be repaid within three years

Tax-favored withdrawals are available through December 31, 2020.

### **Loans**

Current retirement plan loan limits are doubled to the lesser of \$100,000 or 100% of your vested account balance. This provision expires on September 23, 2020.

For new and existing loans, payments due in 2020 can be deferred for one year. Interest continues to accrue. At the end of the suspension period, the loan is reamortized and the end date of the loan is recalculated.

### **For More Information**

To learn more about these temporary provisions offered under the CARES Act, please contact Michelle Diaz with Nationwide at 877-677-3678 or Mike Mendenhall with ICMA-RC at 800-290-7160 ext. 2.