Coronavirus Aid, Relief and Economic Security (CARES) Act Distributions

Ideally, your money would stay in your retirement account until you retire. Realistically, there may come a time when you need to access your retirement funds early to pay for extraordinary emergency expenses.

**Background**: In the wake of the novel coronavirus, COVID-19 pandemic, the president signed into law the Coronavirus Aid, Relief and Economic Security (CARES) Act that allows ‘qualified individuals’ the ability to take a new penalty-free retirement account distribution.

**IKORCC Defined Contribution Plan**: The Board of Trustees of the Indiana Kentucky Ohio Regional Council of Carpenters Defined Contribution Plan met to review the allowable provisions under the CARES Act for the benefit of the member participants. As a result of that review and keeping in mind the intent of the retirement plan, a limited version of the maximum distributable amount will be made available to ‘qualified individuals’ through June 30, 2020. A participant who meets the definition of ‘qualified individual’ will have the ability to request the lesser of 50% of their eligible account balance limited to a maximum $15,000 for COVID-19 distributions.

To be an eligible ‘qualified individual’ for the CARES Act COVID-19 distribution you must meet any one of the following criteria:

• Diagnosed with COVID-19

• Have a spouse or dependent(s) diagnosed with COVID-19

• Experience adverse financial impact due to quarantine, furlough, layoff, reduced work hours or inability to work for childcare-related issues due to COVID-19

• Faced with other COVID-19-related factors as determined by the Secretary of the Treasury

You must certify that you are a ‘qualified individual’ and eligible for a COVID-19 distribution.

If you are eligible and take a distribution, you may repay these distributions within three years beginning with the date of the distribution.

You will be required to pay income taxes on the distribution. You do have a three-year time span beginning with the date of the distribution to complete the tax payment.

We expect the IRS to issue guidance regarding how taxes will be reported and paid over the three-year period, as well as the impact of repayment on taxes paid.

10% federal tax withholding will be applied to the distribution unless you elect otherwise.

If you are married your spouse must consent to the distribution.

If you are eligible for this distribution, please consider exploring all other options to ensure this is appropriate for your situation. If you decide to take a distribution, please contact BeneSys at 1-800-700-6756.

Here are some things to consider before taking a withdrawal from your retirement account.

* Your retirement plan account is meant to provide retirement income. It should be a last resort source of cash for expenses.
* You will need to pay taxes on the amount withdrawn.
* You may miss out on the growth opportunity of the money you withdraw. The amount you withdraw affects what is available to invest for retirement.