

REI Retirement and Profit Sharing Plan – Coronavirus, Aid, Relief and Economic Security (CARES Act) FAQs

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020. For a limited period, it allows people affected by the COVID-19 virus to access money in their retirement plan accounts through special withdrawal and loan provisions.

You are an **Eligible Employee** under the CARES Act if:

- You, your spouse, or another dependent has been diagnosed with COVID-19 by a test approved by the Centers for Disease Control and Prevention, or
- You have suffered financial consequences as a result of COVID-19 (such as quarantine, job loss, furlough, reduction in hours, inability to work due to lack of childcare, or loss of your business).

Even in these unprecedented times, tapping into your retirement savings early is a big decision and should only be considered as a last resort to help you bridge the gap. If your current financial situation warrants you accessing the money in your retirement plan account, learn more about the provisions that may be available to you below. **Spousal consent will still apply for distributions and loans to married employees.**

DISTRIBUTIONS FROM THE PLAN

Q: Can I request to take a distribution from my vested account if I'm an Eligible Employee?

A: Eligible Employees may request a distribution of up to \$100,000 of vested balance from their account (limit applied across any plans and IRAs) until the end of the year. You may take multiple distributions but will have to self-certify that you have not taken more than the allowable aggregate amount when combined with other distributions paid from another plan or IRA.

Q: What is considered a "coronavirus-related distribution?"

A: The definition of a "coronavirus-related distribution" includes any distribution made between the date of enactment and December 31, 2020 and retroactively treats distributions back to January 1, 2020 to an Eligible Employee.

Q: What account sources will be available for the distribution?

A: Coronavirus related distributions will be taken from all sources (except the Guaranteed Contribution Account) on a pro rata basis. Please note: If you receive a distribution from your 401(k) Roth account, the earnings on the 401(k) Roth contribution may be subject to income tax.

Q: How is the coronavirus-related distribution taxed?

A: The 10% early distribution penalty tax for distributions under age 59 ½ will be waived for amounts up to \$100,000 per individual (limit applied across all plans and IRAs). Taxation or regular income tax that is due on the distribution may be spread over three years. A withholding of 10% will apply unless changed or waived by the employee. More guidance from the IRS regarding the spread of tax over 3 years is anticipated.

Q: If I take out a coronavirus-related distribution, do I have to pay it back?

A: No, but you have the option to repay the amount within three years of the date of distribution to the Plan or another qualified plan or IRA. It is anticipated that you will be able to reverse the federal taxation of any amounts repaid on your personal income tax return, however, additional guidance from the IRS about how this will be processed has not yet been issued. Repayments will be treated as rollovers.

Q: What do I need to do?

A: To request a Coronavirus-Related Distribution, complete and follow the instructions on the [distribution application paperwork](#), or call Schwab Retirement Plan Services at 1-800-724-7526 to certify you are an Eligible Employee.

LOANS

Q: How does the CARES Act affect new loans?

A: Effective through September 23, 2020, the Act increases the maximum loan amount from \$50,000, or 50% of the vested account balance, to the lesser of \$100,000, or 100% of the vested balance. **New loans apply to active/furloughed employees only.** You will need to contact Schwab by phone and self-certify that you are an active Eligible Employee no later than September 23, 2020 to take advantage of the increased limit on loans.

Q: If I already have a loan or plan to take one and I qualify under the CARES Act, can I suspend my loan payments?

A: For any active/furloughed Eligible Employee who has an outstanding loan balance or takes out a new loan, payments due between March 27, 2020 and December 31, 2020 may be suspended (with interest charged during the delay) through December 31, 2020. Payments will recommence in January 2021 with, and the period of suspension will be added to the original term of your loan.

Q: I've been furloughed, but I want to continue paying my loan. May I send payments directly to Schwab?

A: Yes, you may send payments directly to Schwab in multiples of your regular bi-weekly payment.

Q: What if I was laid-off and I have an outstanding loan balance? Does it become due and payable?

A: The Plan is now allowing any employee who terminated on or after October 1, 2019 **AND** with an outstanding loan balance as of March 27, 2020 to continue making loan payments directly to Schwab in multiples of their regular bi-weekly payment. You do not have to be an Eligible Employee under this provision.

Q: I was laid-off and I have an outstanding loan balance. Can I suspend my loan payments?

A: A terminated **AND** Eligible Employee who has an outstanding loan balance as of March 27, 2020, may suspend loan payments due between March 27, 2020 and December 31, 2020 (with interest charged during the delay) through December 31, 2020. Payments will commence in January 2021.

Q: How would it work if I wanted to suspend my loan payments for the rest of this year, and when would I need to restart my loan payments?

A: After you contact Schwab to suspend your loan payments, your loan deductions will stop within one or two pay periods. After December 31, 2020, your loan payment amounts will be recalculated to take

into account the delay and the interest accrued during the delay. Loan payments will need to begin again in January 2021, and the maximum term of your loan will be extended by the period of time the loan was suspended.

Q: I missed several loan payments already. Can I still default on my loan even if I suspend my loan payments?

A: While employees with delinquent loan payments can take advantage of the loan suspension provision, you can still default on your loan if you have missed payments that exceed 90 days. For this reason, it is highly recommended that you contact Schwab regarding the status of your loan, the various options on how to bring your loan up-to-date, and to find out if you are eligible for the loan suspension provision.

Q: Can I take out a second loan if I already have one?

A: No, you may not. The retirement plan allows only 1 outstanding loan at a time. You may pay-off your current loan balance, and if it has been more than 12 months since you took your last loan, you may apply for a new loan.

Q: What do I need to do?

A: If you choose to request a loan, make loan payments directly to Schwab, or suspend your scheduled loan payments, call Schwab Retirement Plan Services at 1-800-724-7526.

REQUIRED MINIMUM DISTRIBUTIONS (RMD)

Q: I am over age 70 ½ and due to receive RMD this year. How will the Act affect me?

A: Any RMDs required to be made in the 2020 calendar year are waived. The CARES Act will allow you to stop withdrawal, lower withdrawals, or choose to take no distributions altogether in the 2020 tax year without penalty. If you took an RMD from the Plan within the last 60 days, you may be able to roll the money back into the Plan or to an IRA and not have it treated as a taxable distribution.

Q: What do I need to do?

A: You do not need to do anything to waive the 2020 RMD. If you want to waive the RMD for 2020 or if you want to roll back your 2020 RMD payment to the Plan, contact Schwab Retirement Plan Services at 1-800 724-7526 for assistance.

**For more details about the information addressed in this resource,
contact Schwab at 1-800-724-7526. To check your account login to your
Schwab account at workplace.schwab.com.**