

Retirement Plan Access under the CARES Act

Frequently Asked Questions

- How can I get financial guidance?
 - Mary Ellen Gordon, Financial Adviser
 - To request a phone appointment, please email maryellen.gordon@voyafa.com
 - Voya customer service: 1-800-584-6001
 - TIAA-CREF: 1-800-842-2776
 - Fidelity: 1-800-343-0860
 - New Directions Behavioral Health (EAP) at:
 - eap.ndbh.com
 - Company Code: Smith College
- Am I eligible for a loan or distribution under the CARES Act?
 - You are eligible if:
 - you have been diagnosed with the virus SARS-Co-V-2 or with coronavirus disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and Prevention, or
 - your spouse or dependent (as defined in section 152 of the Internal Revenue Code) is diagnosed with such virus or disease by such a test, or
 - you experienced adverse financial consequences as a result of being quarantined, being furloughed or laid off or having work hours reduced due to such virus or disease, being unable to work due to lack of child care due to such virus or disease, closing or reducing hours of a business owned or operated by the individual due to such virus or disease, or other factors as determined by the Secretary of the Treasury.
- What should I know about Coronavirus-Related Distributions (CRD)?
 - coronavirus-related distributions **are taxable**;
 - they may not be subject to income tax withholding, so please check with your service provider;
 - they are not eligible rollover distributions (you can't roll the money to another account);
 - they may be re-contributed to the plan as rollover contributions during a 3-year period to avoid paying the taxes that would be otherwise owed;

- they are available, without penalty, to all eligible participants (even those under age 59 ½)
- How might a CRD be right for me?
 - although the CRD is taxable, the 10% early withdrawal penalty will not apply;
 - unless you elect otherwise, a CRD is included in your gross income prorated over three years, so you have more time to pay the tax on your distribution;
 - you have the option to repay the distributed amount over three years so that no tax is owed, and repayments will not be subject to the retirement plan contribution limits;
 - the deadline to receive a CRD is December 31, 2020
- I am not sure how much money I need, am I allowed more than one CARES Act transaction?
 - yes, before 9/23/2020, you can take more than one loan through Voya, but your total loans cannot exceed the lesser of \$100,000 or 100% of your account balance;
 - you may take a loan through Voya before 9/23/2020, and a CRD before 12/31/2020;
 - you may take more than one CRD before 12/31/2020, limited to the lesser of \$100,000 or 100% of your account balance;
 - If you have a sufficient balance in the plan, you could take as much as \$200,000 in total loans and distributions;
you may want to consider taking only half of what you think you will need since you can always consider taking another CARES Act loan from Voya or CRD later in the year if you find it necessary
- Will employer contributions be available for loan through Voya or for CRDs, or will it be only my voluntary (pre-tax and Roth) money available?
 - all contribution types will be available for CARES Act loans through Voya and CRDs
- What considerations should I keep in mind before I take a CARES Act loan or a coronavirus-related distribution?
 - how much money do I need for my immediate needs;
 - how soon will I need the money;
 - are there options available to me other than taking from my retirement accounts;
 - is a loan or a distribution the better option for me;

- what are the tax implications of each option;
 - how do I plan to replenish my retirement savings when my situation improves;
 - have I sought out the proper guidance on what to consider regarding my particular situation and the long-term implications of the possible choices?
- Why might a loan be a better choice instead of a CRD?
 - there is no mandatory withholding or taxes on a loan amount unless you default on the loan;
 - repayments and interest go back into your plan account, which is a systematic way to replenish retirement savings over time;
 - since loan payments can be deferred one year, you will have to start to repay the loan in 2021; consider your income and other resources that you will have a year from now when determining whether to take a loan and how much you should withdraw
- How much time do I have to decide between a loan and a distribution?
 - loans can be taken out only until 9/23/2020;
 - CRDs must be processed and distributed by December 31, 2020
- Are there other resources available to me that I should consider accessing before loans or distributions from my retirement account?
 - if you have emergency savings - consider using that money first;
 - you may be eligible for monetary assistance from the Smith College Employee Assistance Fund; please see the [application form](#);
 - qualified taxpayers will be receiving individual recovery checks, please check with your tax preparer to see if you are eligible;
 - if you have ever rolled retirement money from a former employer into the Smith College retirement plan ('a rollover') - that money is available for withdrawal at any time (taxes and penalties would apply);
 - if you are a current employee over the age of 59 ½, you can take a distribution from your voluntary pre-tax and Roth voluntary contributions at any time without a penalty (taxes would apply);
 - you may have an IRA - those are eligible for coronavirus-related distributions as well
 - Who is responsible for ensuring that I stay within the CARES Act loan and distribution limits?
 - you are, because you may have access to IRAs or retirement accounts other than in the Smith College retirement plan;

- you will need to certify on your tax forms for 2020 that you stayed within the limits
- If I have a loan outstanding already, can I still take a CARES Act loan?
 - yes, as long as you are eligible, you can take as many loans through Voya as you need;
 - loans can be taken out through Voya up until 9/23/2020;
 - the deadline for CRDs is 12/31/2020
- What documentation will the retirement service provider require of me to prove my eligibility for coronavirus-related distributions?
 - no documentation will be required; you will self-certify as to your eligibility without the need to share exactly how you qualify;
 - each vendor will have their own process for self-certification
 - the IRS will likely include a certification statement on tax forms for 2020;
 - keep in mind that if you are married, you will be required to obtain your spouse's consent
- Would I also be able to self-certify as to my eligibility for a CARES Act loan?
 - yes, and as with CRD's, no documentation will be required; you will self-certify as to your eligibility without the need to share exactly how you qualify
- Will I need to come up with money in the future no matter which option I take?
 - yes, you will have to either repay a loan or pay taxes on a CRD
- What's the difference between the plan's hardship withdrawal provision and the CRD?
 - hardship withdrawals require documentation of the dollar amount required, but CRDs do not;
 - you are limited to taking the exact amount that you need with a hardship withdrawal, with CRDs you are not;
 - a hardship withdrawal is subject to the 10% tax on early withdrawals, but a CRD is not;
 - you may not pay back a hardship withdrawal, however you can recontribute a CRD over a three year period and avoid paying taxes
- Are there fees associated with taking these transactions?
 - Yes, in fact each service provider has their own fee schedule;

- Voya has announced that they will credit the following fees back to participants through Sept. 30, 2020;
 - Fees associated with coronavirus-related distributions; and
 - Hardship distribution fees; and

Loan initiation fees

- Do I need to take a Required Minimum Distribution (RMD) for 2020?
 - no, the CARES Act allows 2020 RMD payments to be suspended and restarted in 2021;
 - this is also true for terminated or retired employees who turned 70 ½ in 2019, and would have needed to take their first RMD by April 1, 2020
- What if I already took my Required Minimum Distribution for 2020?
 - provided that you hadn't taken it before January 1, 2020, your RMD will be recharacterized as a rollover-eligible distribution so you can re-contribute that money to the plan within 60 days
- Might there be changes to the CARES Act?
 - yes, this legislation was passed quickly, and there could be guidance or other new legislation from Congress in the near future;
 - and while we've done our best to provide the most up-to-date information in these FAQs, we may need to issue clarifications going forward