

Coronavirus Aid, Relief, and Economic Security Act



The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provides financial relief to individuals and families, small businesses, and the aviation, health care, and education sectors impacted by the Coronavirus. As Congress worked to finalize the act's provisions, TIAA prepared our systems and employees to be ready to accommodate those who seek access to their retirement plan savings through CARES Act relief. TIAA supports this effort to assist Americans impacted by Coronavirus and is committed to helping participants get through this time of uncertainty.

Retirement Plan Implications

The CARES Act makes additional retirement plan savings available to participants impacted by the Coronavirus, and TIAA systems and employees are ready to accommodate those who seek access. Relief contained within the Act includes:

Coronavirus-related Distributions*

- 10% early withdrawal penalty and 20% mandatory tax withholding waived
- \$100,000 limit across all plans and IRAs
- Option to have income taxed over three years with taxpayer ability to recontribute within three years regardless of that year's cap
- Participants self-certify that they're impacted

Coronavirus-related Loans*

- Loan limit increased to the lesser of \$100,000 or all of vested account balance
- Repayments due between the date of CARES enactment and year-end delayed one year
- Participants self-certify that they're impacted

Suspension of Required Minimum Distributions (RMDs)

To help provide relief for those required to take RMDs, the CARES Act allows 2020 RMD payments to be suspended and restarted in 2021.

*Distributions made to those diagnosed with COVID-19, whose spouse or dependent is diagnosed with COVID-19, or who experiences adverse financial consequences as a result of:

- the individual having a reduction in pay (or self-employment income) due to COVID-19 or having a job offer rescinded or start date for a job delayed due to COVID-19;
- the individual's spouse or a member of the individual's household (someone who shares their principal residence) being quarantined, being furloughed or laid off, or having work hours reduced due to COVID-19, being unable to work due to lack of childcare due to COVID-19, having a reduction in pay (or self-employment income) due to COVID-19, or having a job offer rescinded or start date for a job delayed due to COVID-19;
- closing or reducing hours of a business owned or operated by the individual's spouse or a member of the individual's household due to COVID-19; or
- Other factors as determined by the Secretary of the Treasury or his delegate.

Additional Provisions

Additional provisions impacting individuals, along with our education and healthcare institutions include:

- **Tax payment changes (announced by Treasury ahead of the CARES Act)**
 - Extension of the deadline to file taxes to July 15, which also applies to IRA, HSA and MSA contributions, as well as payments of the 10% penalty for premature distributions made in 2019
 - The period for 2019 employer contributions under Code section 404(a)(6) is also extended until July 15
 - Increase in limitations on deductions for charitable contributions by individuals as well as corporations
 - Individual Recovery Checks of up to \$1,200 for qualified taxpayers, \$2,400 for married couples filing a joint return, with a \$500 increase for every child
- **Student loan relief**
 - Loan payment deferral for six months
 - Allowance for employers to provide a student loan repayment benefit to employees on a tax-free basis
 - Retention of Pell grants for students who were forced to drop out of school due to Coronavirus
 - Flexibility for colleges and universities to continue work-study payments to students who cannot work due to Coronavirus closures
- **Relief for healthcare organizations** covering supplies, COVID-19 testing and support for healthcare providers
- **Labor provisions** including changes to paid and sick leave, and unemployment insurance

TIAA's Readiness

TIAA is available and ready to support participants who seek access to their retirement plan savings. However, we also encourage them to take advantage of the information and personalized advice available through their plans, along with materials we are creating to help them decide how to most efficiently use this relief while keeping their retirement goals on track.

Plan sponsors with questions can contact the Administrator Telephone Center (888-842-7782, weekdays, 8 a.m. to 8 p.m. (ET)), or contact their Relationship Manager.



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