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CARES Act allows for retirement plan options for COVID-19 hardship [1]

May 8, 2020 by Employee Services [2]

The Coronavirus Aid, Relief and Economic Security (CARES) Act includes three retirement plan provisions that apply to University of Colorado qualified individuals enrolled in CU or PERA retirement plans. These include coronavirus-related retirement distributions, expanded loan provisions and required minimum distribution (RMD) waivers.

Have questions about how the following changes will affect you? To speak with a TIAA representative, call at 800-842-2252 or make an online appointment with a financial advisor [3]. Reach out to a PERA representative by calling 1-800-759-7372

Who is considered a qualified individual for purposes of the CARES Act?

An individual is considered impacted by Coronavirus Disease 2019 (COVID-19) under the CARES Act if they experience the following:

- Diagnosed with the virus SARS-CoV-2 or with COVID-19 on a test approved by the Centers for Disease Control and Prevention (CDC)
- A spouse or dependent is diagnosed with SARS-CoV-2 or with COVID-19 on a test approved by the CDC
- Experiences adverse financial consequences as a result of:
    - Being quarantined;
    - Being furloughed, laid off or having work hours reduced due to SARS-CoV-2 or COVID 19
    - Being unable to work due to lack of childcare as a result of SARS-CoV-2 or COVID 19
    - Closing or reducing hours of a business owned by such individual as a result of SARS-CoV-2 or COVID 19
    - Other factor as determined by the Secretary of the Treasury or his delegate

Coronavirus-related retirement distribution

Until Dec. 31, 2020, qualified members can withdraw up to $100,000 from retirement plans without the 20% mandatory federal tax withholding or the 10% early withdrawal penalty. Participants spread taxes on the distribution over three years.

To withdraw money, participants must self-certify their eligibility with their retirement plan carrier that they will not withdraw more than $100,000 across all plans.

ELIGIBLE PLANS

CU Plans

- CU 401(a) Mandatory Retirement Plan: withdrawals are only allowed if the participant is age 59 ½ and was active in the plan on 12/31/2016; age 62 if hired or rehired as of 1/1/2017; or if they terminate employment with CU
- CU 403(b) Voluntary Plan

PERA Plans

- PERA 401(k) Voluntary Retirement Plan
- PERA 457 Voluntary Retirement Plan

Expanded loan provisions

Through Sept. 23, 2020, eligible loan amounts will increase from 50% to 100% of a participant's vested balance, up to $100,000 across all their retirement plans.

Through Dec. 31, 2020, participants may request a suspension of new or existing loan repayments for up to one year. Participants must request a repayment suspension from TIAA or PERA.

ELIGIBLE PLANS

CU Plans

- CU 403(b) Voluntary Plan

PERA Plans

- PERA 401(k) Voluntary Retirement Plan
- PERA 457 Voluntary Retirement Plan

Required Minimum Distribution (RMD) waiver

A required minimum distribution is the amount of money that must be withdrawn from a retirement account, once the account owner reaches a certain age in retirement. These distributions can be suspended until Dec. 31, 2020, allowing participants to recoup any market loss and build up their savings.

Please note: This qualifies to all plan members, regardless if they have experienced a direct impact from COVID-19.

ELIGIBLE PLANS

CU Plans

PERA Plans

- CU 401(a) Mandatory Retirement Plan
- CU 403(b) Voluntary Plan
- Student Employee Retirement Plan (SERP)
- PERA 401(k) Voluntary Retirement Plan
- PERA 457 Voluntary Retirement Plan
- PERA DC Plan

Questions?

For additional information, reach out to a CU benefits professional at benefits@cu.edu [4] or call 303-860-4200, option 3.

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