

CARES Act provisions affecting your TIAA retirement plan

As a participant in MCAD's 403(b) Retirement Plan and/or the SRA Retirement Plan we want to make you aware of the options available to you as a result of the recently signed CARES Act. We know that keeping you and your family healthy and safe amid the challenges surrounding COVID-19 needs to be your first priority. That's why we're working with our retirement plan partners at TIAA to break down the provisions in the act to make them easier to understand so you can determine if they may be right for you.

What is CARES?

The Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law by the president on March 27 and provides several options for you to consider as you navigate financial decisions in the coming months. As always, we recommend reaching out to your TIAA financial consultant to review your current situation, as well as your short- and long-term financial goals, before making any decisions.

CARES provisions impacting your MCAD 403(b) Retirement Plan and/or the SRA Retirement Plan

MCAD has chosen to adopt the following CARES Act provisions for our retirement plan:

- Penalties and withholding are waived for qualified distributions from retirement plan accounts
- Optional suspension of required minimum distributions (RMDs) for 2020

Additionally, we are highlighting the loan provisions that already exist for SRA accounts with TIAA.

403(b) Retirement Plan withdrawals under CARES

Who is eligible? You are considered eligible to take distributions if any of the below conditions are met:

- You have been diagnosed with COVID-19 by a test approved from the Centers for Disease Control and Prevention
- You have a spouse or dependent who has been diagnosed with COVID-19
- You suffer financial consequences as a result of quarantine, employment furlough, layoffs, reduced work hours or cannot work due to lack of child care as a result of coronavirus
- You experience a financial loss to an individually owned or operated business that is caused by a closing or reduction of hours due to coronavirus
- Other factors as determined by the Secretary of the Treasury or his delegate

How can the act help if you are eligible?

- **Penalties and withholding are waived for qualified distributions from retirement plan accounts:** Provided the above eligibility criteria are met, the CARES Act waives the 10% early withdrawal penalty and eliminates the 20% withholding for coronavirus-related distributions of

up to \$100,000. Note: While the 20% withholding will not be taken from distributions, you will have the option to add withholding if you want. Distributions will be subject to taxation, and you will have the option to pay taxes due over a three-year period. We suggest you consult with your personal tax advisor. The act also allows you to reinvest withdrawn funds within three years regardless of that year's contribution limit, making it easier to replace the amount of your distribution in your retirement account.

SRA Retirement Plan loans

However, you can take a loan of up to 50% of your MCAD SRA balance if you have contributed to that plan. For retirement plan distributions and loans, TIAA encourages you to set up electronic funds transfer (EFT) for faster delivery of funds.

While the CARES Act does expand the loan limits for loans taken from retirement plans, in accordance with the loan policy in the MCAD 403(b) loans are not permissible.

Suspension of required minimum distributions (RMDs)

To help provide relief for those required to take RMDs, the CARES Act allows you to cancel your 2020 Required Minimum Distribution (RMD) payments and restart them in 2021. If you already have an RMD payment scheduled for this year, you have the flexibility to cancel it, and TIAA will restart it automatically in 2021. If you have already started receiving your RMD this year, you have the option to repay it as a rollover. If checks have already been sent, you have 60 days to roll over those funds into a plan that accepts rollovers or into an IRA. In past disaster scenarios, the IRS has extended that rollover period. TIAA will monitor regulatory activity and notify clients if an extension is granted in this context. If you have not set up your RMD this year be aware that based on the CARES Act, TIAA cannot set up new RMD payments. If you still need the money, you can take a withdrawal. The quickest way to set that up is through the TIAA website; be sure to set up an EFT.

Other changes to consider

- **Tax filing and payment changes:** The Treasury has extended federal tax filing and IRA contribution deadlines. The federal deadline for filing a 2019 tax return—and any corresponding 2019 IRA contributions outside of your retirement plan—has been extended to July 15, 2020.
- **Student loans and stimulus payments:** Borrowers who have certain federal student loans have the opportunity to defer payments until later in the year, and qualified taxpayers meeting specific single/joint filing criteria may be eligible to receive stimulus payments. Please consult your personal tax advisor or your loan provider for additional information.

Next steps

You can also contact TIAA directly at 855-400-4294. You can also visit [TIAA.org](https://www.tiaa.org) for more information.

If you meet the eligibility criteria detailed above or would like to request loans or distributions, you can do so by logging in to your online account at **TIAA.org** or calling TIAA at **855-400-4294**.

If you are interested in speaking with a financial consultant and were not able to meet online with a TIAA financial consultant last week during the WELL+ events,, please contact Paul J. Fuller, CRPC, Senior Financial Consultant TIAA Financial Solutions, at pfuller@tiaa.org.

You can also visit [TIAA.org](https://www.tiaa.org) for more information on the provisions of the CARES Act and other changes to consider. We recommend reviewing all of your options prior to making a decision.